5698. By Mr. MURDOCK: Resolution of the Utah Motor Transport Association, opposing the reenactment of the Federal gasoline tax; to the Committee on Ways and Means.

5699. By Mr. PFEIFER: Petition of Hanson & Orth, New York City, concerning House bill 6653 and Senate bill 2209; to the Committee on Insular Affairs.

5700. Also, petition of the Association of Employees, Long Lines Department, American Telephone & Telegraph Co., New York City, concerning the National Labor Relations Act (S. 1958); to the Committee on Labor.

5701. By Mr. PLUMLEY: Petition of George H. Lockwood and some 25 other citizens of Woodstock, Vt., favoring a uniform Federal old-age pension law; to the Committee on Ways and Means.

5702. By Mr. RUDD: Petition of the Association of Employees, Long Lines Department, American Telephone & Telegraph Co., New York, concerning the National Labor Relations Act; to the Committee on Labor.

5703. Also, petition of the United Spanish War Veterans, favoring the passage of House bill 6995, to restore the rights of Spanish War veterans; to the Committee on Pensions.

5704. Also, petition of the Endicott-Johnson Corporation, Endicott, N. Y., concerning the continuance of the National Recovery Administration for another 2 years as advocated by the President of the United States; to the Committee on Appropriations.

5705. Also, petition of the Coat and Suit Code Authority, 132 West Thirty-first Street, New York City, concerning the continuance of the National Recovery Administration for another 2 years as advocated by the President of the United States; to the Committee on Appropriations.

5706. Also, petition of Hanson & Orth, New York City, concerning the Kocialkowski bill (H. R. 6653); to the Committee on Insular Affairs.

5707. By Mr. TREADWAY: Resolution adopted by Group No. 82, Polish National Alliance of the United States of North America, urging that October 11 of each year be designated as General Pulaski's Memorial Day; to the Committee on the Judiciary.

SENATE

THURSDAY, MARCH 28, 1935

(Legislative day of Wednesday, Mar. 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, March 27, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5576. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

H. R. 4016. An act to repeal section 16 of the act entitled "An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes," approved May 29, 1934;

H. R. 5577. An act to provide for aviation cadets in the Naval Reserve and Marine Corps Reserve; and

H. R. 5599. An act to regulate the strength and distribution of the line of the Navy, and for other purposes.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Lewis	Radcliffe
Ashurst	Couzens	Logan	Reynolds
Austin	Cutting	Lonergan	Robinson
Bachman	Dickinson	Long	Russell
Bankhead	Donahey	McAdoo	Schwellenbach
Barbour	Duffy	McCarran	Sheppard
Barkley	Fletcher	McGill	Shipstead
Bilbo	Frazier	McKellar	Smith
Black	George	Maloney	Steiwer
Bone	Gerry	Metcalf	Thomas, Okla.
Borah	Gibson	Minton	Thomas, Utah
Bulkley	Glass	Moore	Townsend
Bulow	Gore	Murphy	Trammell
Burke	Guffey	Murray	Truman
Byrd	Hale	Neely	Tydings
Byrnes	Harrison	Norbeck	Vandenberg
Capper	Hastings	Norris	Van Nuys
Clark	Hatch	Nye	Wagner
Connally	Hayden	O'Mahoney	Walsh
Coolidge	King	Pittman	Wheeler
Copeland	La Follette	Pope	White

Mr. ROBINSON. I announce that my colleague the junior Senator from Arkansas [Mrs. CARAWAY] and the junior Senator from Louisiana [Mr. OVERTON] are absent because of illness, and that the Senator from North Carolina [Mr. BAILEY], the Senator from New Hampshire [Mr. BROWN], and the junior Senator from Illinois [Mr. DIETERICH] are unavoidably detained from the Senate. I ask that this announcement stand for the day.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] and the Senator from California [Mr. JOHNSON] are absent on account of illness; that the Senator from Wyoming [Mr. CAREY] and the Senator from Oregon [Mr. MCNARY] are absent on official business; that the Senator from Minnesota [Mr. SCHALL] is absent because of a death in his family; and that the Senator from New Hampshire [Mr. KEYES] is necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

ANNUAL REPORT OF THE ARCHITECT OF THE CAPITOL (S. DOC. NO. 42)

The VICE PRESIDENT laid before the Senate a letter from the Architect of the Capitol, transmitting the annual report of the office of the Architect of the Capitol for the fiscal year ended June 30, 1934, which, with the accompanying report, was referred to the Committee on Public Buildings and Grounds and ordered to be printed.

CORNER IN DECEMBER SUGAR FUTURES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, submitting, pursuant to Senate Resolution 41 (agreed to on Jan. 14, 1935), a report concerning the 1934 Cuban sugar crop and the alleged December corner in sugar futures on the New York Coffee and Sugar Exchange, which, with the accompanying report, was ordered to lie on the table.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Townsend Old-Age Revolving Pension Club, No. 1, of Findlay, Ohio, favoring the adoption of the Townsend old-age pension plan, which were referred to the Committee on Finance.

He also laid before the Senate petitions of sundry citizens of the States of California, Illinois, Indiana, Massachusetts, Missouri, New Jersey, New York, Tennessee, and Vermont, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana [Mr. LONG and Mr. OVERTON], which were referred to the Committee on Privileges and Elections.

He also laid before the Senate resolutions adopted by the Common Council of the City of Madison, Ill., and the Council of the City of Campbell, Ohio, favoring the enactment of legislation proclaiming October 11 in each year as General Pulaski's Memorial Day, which were ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. COPELAND, from the Committee on Commerce, to which was referred the joint resolution (S. J. Res. 93) to extend the time within which contracts may be modified or

canceled under the provisions of section 5 of the Independent Offices Appropriation Act, 1934, reported it without amendment and submitted a report (No. 377) thereon.

Mr. FLETCHER, from the Committee on Commerce, to which was referred the bill (S. 1994) to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended, reported it without amendment and submitted a report (No. 376) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 448. A bill to authorize a preliminary examination of Coquille River and its tributaries in the State of Oregon with a view to the control of its floods (Rept. No. 378);

S. 449. A bill to authorize a preliminary examination of Umpqua River and its tributaries in the State of Oregon, with a view to the control of its floods (Rept. No. 379); and

S. 1317. A bill authorizing a preliminary examination of the Nehalem, Miami, Kilchis, Wilson, Trask, and Tillamook Rivers, in Tillamook County, Oreg., with a view to the controlling of floods (Rept. No. 380).

Mr. SHEPPARD, also, from the Committee on Commerce, to which was referred the bill (S. 865) authorizing a survey of the Willamette River and its tributaries, in the State of Oregon, with a view to controlling floods, reported it with amendments and submitted a report (No. 381) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 1533) to provide funds for cooperation with Marysville School District, No. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children, reported it without amendment and submitted a report (No. 382) thereon.

Mr. POPE, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 2881) authorizing the adjustment of contracts for the sale of timber on the national forests, and for other purposes, reported it with an amendment and submitted a report (No. 383) thereon.

Mr. O'MAHONEY, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 1571) granting the consent of Congress to the States of Montana, North Dakota, South Dakota, and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Little Missouri River, reported it with an amendment and submitted a report (No. 384) thereon.

He also, from the same committee, to which was referred the bill (S. 1077) to further extend the time in which the States of Washington, Idaho, Oregon, Montana, and Wyoming may enter into a compact or agreement respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, reported it without amendment and submitted a report (No. 385) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST (by request):

A bill (S. 2421) to amend the act entitled "An act forbidding the transportation of any person in interstate or foreign commerce, kidnaped, or otherwise unlawfully detained, and making such act a felony", as amended; to the Committee on the Judiciary.

By Mr. NEELY:

A bill (S. 2422) for the relief of Harry C. Anderson; to the Committee on Military Affairs.

By Mr. BORAH:

A bill (S. 2423) granting a pension to Mary A. Williams (with accompanying papers); to the Committee on Pensions.

By Mr. KING:

A bill (S. 2424) to provide for the establishment and maintenance of a central research and experiment station of the Bureau of Mines at Salt Lake City, Utah; to the Committee on Mines and Mining.

By Mr. McKELLAR:

A bill (S. 2425) for the relief of Alice Markham Kavanaugh; to the Committee on Claims.

By Mr. TRAMMELL:

A bill (S. 2426) to provide for the creation of a memorial park at Tampa, in the State of Florida, to be known as "the Spanish War Memorial Park", and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. McCARRAN:

A bill (S. 2427) authorizing the Secretary of the Interior to erect and lease or operate custom mills for the treatment of gold and silver ore; to the Committee on Mines and Mining.

By Mr. DUFFY:

A bill (S. 2428) to amend the Revenue Act of 1934 to allow as deductions from gross income contributions to unemployment benefit funds; to the Committee on Finance.

A bill (S. 2429) to provide for the acquisition of a site and the erection thereon of a Federal building at Park Falls, Wis.; to the Committee on Public Buildings and Grounds.

AMENDMENT OF BANKRUPTCY LAW

Mr. WALSH. Mr. President, I ask consent to introduce a bill to amend the bankruptcy law, and I ask also to have printed in the RECORD a letter explanatory of the proposed amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 2430) to amend "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto", approved June 7, 1934, was read twice by its title and referred to the Committee on the Judiciary.

The letter presented by Mr. WALSH is as follows:

JACKSON & CURTIS,
Boston, January 28, 1935.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR WALSH: Please find enclosed a draft of proposed amendment to section 77 (b) of the so-called "Bankruptcy Act." As you will remember in my conversation with you, I explained that this amendment was necessary in order to enable the mortgage and title companies outside the State of New York, generally speaking, to reorganize. New York has its Schnackno Act, which enables mortgage and title companies to reorganize. In spite of this, however, there has been terrible confusion, and from credible sources I think the mortgage situation in New York has not been handled as well as it might have been. It is my opinion that even in New York, if 77 (b) had been available for reorganization of mortgage and title companies, much more progress could have been made.

Here in Massachusetts the principal company interested is Conveyancers Title Insurance & Mortgage Co. This company has an honorable and successful history dating back to 1889 until the present depression. In 1932 a voluntary reorganization cutting down interest to be paid to parti-mortgage receipt holders and to certificate holders was put through. This was effected with no commissions and at a total expense of around $10,000. Real-estate conditions have become increasingly worse since that date so that for some time the company has been unable to live up to the terms of this reorganization. It faces, therefore, either receivership, bankruptcy, or reorganization. Either receivership or bankruptcy destroys values and would be not only ruinous to security holders but would also be very detrimental to equity owners in property mortgaged. Our policy has been to preserve the rights of the equity holders so far as we can without endangering the principal of the mortgage. Our attorneys inform us that on our certificates, which are secured by a pool of mortgages, we cannot take interest received on one mortgage and apply it toward payment of taxes on another mortgage or piece of real estate. As a result, we have practically no working capital and we owe the city of Boston and surrounding cities and towns a very substantial sum for past and present taxes. One very constructive feature of a reorganization would be to enable us to postpone temporarily payment of interest to our security holders and apply the money toward taxes. We have consistently followed a policy of cooperating with the owners of properties on which we have a mortgage. Where we believe in their management we have left them in possession, even though they have been unable to keep up taxes and interest. As I have indicated before, receivership or bankruptcy would work a great hardship on these unfortunate people.

It seems to me that this matter might well be taken up with the so-called "Sabath committee", which, I understand, is a committee on investigation of real-estate bondholders' reorganizations. I understand the chairman is Hon. ADOLPH J. SABATH, of Illinois.

The only reason that I can see why anybody might object to this amendment is the possible damage resulting to holders of title insurance. Title insurance is unlike any other form of insurance. It is such a technical subject that it is not feasible to discuss it in this letter. I can merely say that our experience of

nearly 50 years has resulted in our title insurance proving in fact to be a theoretical liability only. We have never had a loss. As security for our title-insurance contracts we have segregated under the control of the commissioner of insurance $600,000 par value of mortgages. Any plan of reorganization would leave this deposit intact and would not affect our title insurance at all, except that the holder of the policy would, of course, be in the stronger position of having a claim against a "live" company.

If you think there is a reasonable chance of this amendment being adopted and believe it would be worth while, I should be glad to come down to Washington with our executive vice president, Mr. Preston S. Cotten, and discuss the matter more fully with the proper people.

I appreciate very much your offer of cooperation, and I feel emphatically that it is a constructive move entirely in the public interest.

Very truly yours,

JAMES J. MINOT, Jr.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Naval Affairs:

H. R. 5576. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;

H. R. 4016. An act to repeal section 16 of the act entitled "An act to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes", approved May 29, 1934;

H. R. 5577. An act to provide for aviation cadets in the Naval Reserve and Marine Corps Reserve; and

H. R. 5599. An act to regulate the strength and distribution of the line of the Navy, and for other purposes.

AMENDMENT TO AGRICULTURAL DEPARTMENT APPROPRIATION BILL

Mr. THOMAS of Utah submitted an amendment proposing to increase the appropriation to enable the Secretary of Agriculture to make soil-erosion investigations from $281,362 to $531,362, intended to be proposed by him to House bill 6718, the Agricultural Department appropriation bill, which was ordered to lie on the table and to be printed.

CAMP MERRITT, NATIONAL SHRINE

Mr. MOORE presented an article appearing in the March 1935 issue of the National Republic, by Hon. EDWARD A. KENNEY, Representative from New Jersey, entitled "Camp Merritt, National Shrine", which was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

CAMP MERRITT NATIONAL SHRINE—THROUGH CAMP MERRITT EMBARKATION CAMP PASSED MILLIONS OF AMERICAN BOYS DURING THE WORLD WAR—MOVEMENT ON FOOT TO RECONSTRUCT IT AS NATIONAL SHRINE DESERVES SUPPORT

(By Hon. EDWARD A. KENNEY, Representative in Congress from New Jersey)

Less than 3 years ago the then Governor of the State of New York forcibly recognized the historic significance of Camp Merritt and its right to commemoration. In the archives of the Camp Merritt Memorial Association, Inc., formed for the purpose of perpetuating the memory of the camp and the activities there during the World War, is a valued message sent by him to the association through Colonel Valle, its head.

President Franklin D. Roosevelt, for it was he, therein proclaimed:

"Camp Merritt, in my opinion, should be a national shrine, as troops from every State in the Union passed through it either going over or returning from overseas. It was the greatest of our embarkation camps during the war and the busiest of our debarkation centers following the armistice. The majority of the A. E. F., at one time or another, were guests of Camp Merritt, some for days, others for weeks, according to the availability of transports.

"And to the permanent garrison of Camp Merritt, I should like to pay a tribute. Many of them lost their lives while performing necessary tasks on this side, not being permitted to go overseas, as their work here was considered of vast importance. They wanted to 'shove off' with the thousands who left daily for 'over there', but had to be contented with duty here."

We of New Jersey, yearly, at the sacred site pay homage to those of the camp who gave up their lives for us—and all of us. But, while situated in our State, Camp Merritt rightfully belongs to the Nation.

The only vestige of the great military cantonment is a granite spire, a lonely monument, standing in the middle of the public crossroads. The camp lands were leased; the Government never acquired title to them. The camp buildings, following the war, were demolished and removed. Nothing remains of the foremost of the World War encampments but the shaft of stone erected to preserve its memory and bearing the inscription which in part reads:

"This monument marks the center of the camp and faces the highway over which more than a million American soldiers passed on their way to and from the World War, 1917–19."

Is this to be the memorial for those who consecrated this hallowed place? Or is Camp Merritt to become, as it deserves, a national shrine?

Let it be remembered that there is in this country no national shrine or monument which vivifies or portrays our military activities in the United States during the greatest of all conflicts. The nearest approach to the battlefield was the cantonment or embarkation camp. Camp Merritt was the most important of these camps. Had it not been for the work done there, it would have been impossible to send troops to France fit for the task they were to encounter.

With the entry of the United States into the World War on the side of the Allies, entailing the sending of troops to foreign soil on a scale never before undertaken, it was absolutely necessary that a camp be established for the unprecedented number of troops to be transported overseas from the port of embarkation at Hoboken, N. J. The facilities at the port were not such as to meet the requirements essential for the proper care and preparation of the troops. Accordingly, in July 1917, it was proposed to set up an embarkation camp in convenient proximity to the port.

The site of Camp Merritt, situated in a beautiful and historic section of Bergen County, was recommended and chosen for the purpose.

The camp site lies upon a ridge between the Hudson and Hackensack Rivers, in the Borough of Bergenfield, Cresskill, Demarest, Dumont, Haworth, and Tenafly. It is distant only a few miles northwest of the George Washington Bridge which now spans the Hudson River between the States of New Jersey and New York.

The construction of the camp may be divided into three periods. The first began August 20, 1917. Buildings for 7 regiments of infantry were erected along with 6 warehouses, various miscellaneous structures, and a base hospital for 500 beds, having a total capacity of 28,881 persons.

The second construction period commenced after authorization, on December 20, 1917, of buildings for a regiment of infantry, 2,000 casuals, warehouses, and additional miscellaneous structures and a 1,000-bed addition to the hospital, increasing the capacity of the camp to 36,980 persons.

The third period of construction was authorized June 20, 1918. Immediately thereafter work was started for the erection of additional buildings for 5½ training battalions, a 500-bed addition to the base hospital, warehouses, and other miscellaneous buildings. Upon completion, the camp, exclusive of the hospital, had a capacity of 1,480 officers and 40,490 enlisted men. Besides, the base hospital had quarters for 60 officers, 450 enlisted men, 200 nurses, and 2,385 patients, aggregating a total camp capacity of 45,065 persons.

In the course of time, through the liberality and good will of various benevolent organizations, additional buildings arose, all designed for the comfort, convenience, and entertainment of the enlisted men. The Y. M. C. A. provided a building in each of the four corners of the camp and also constructed a large auditorium in a central location. The Knights of Columbus contributed two large buildings, the Jewish Welfare Board added its building, and just outside the camp grounds the Christian Science Welfare Board erected a building as its contribution. The Red Cross Society built two large buildings within the camp. The camp became in reality a focal point for the patriotic, humanitarian, and hospitable spirit of America.

The first transient troops arrived October 1, 1917. The first big troop movement began on December 7, 1917. Thereafter troops were sent there as fast as they could be moved, and remained at the camp for varying periods until they could be sent to Hoboken for embarkation.

Life at the camp presented a spectacle of military mobilization unparalleled in the history of the United States. The youth of the Nation came there to muster, remain a while, and then depart, many never to return. Daily vast numbers were summoned to the last round-up; thousands upon thousands at a time left the camp for the ships awaiting them nearby. It was the last stopping-off place for the greatest number of our expeditionary forces and the first to receive myriads of the returning victors.

Men from every section of the country arrived there as soldiers and, while there, were thoroughly equipped, physically examined, and thoroughly prepared for the journey overseas. Camp Merritt served as a clearinghouse for the expeditionary forces. Undesirables were weeded out, alien enemies disposed of, conscientious objectors properly handled, and all of the problems dealt with which confronted our Army at home.

When the homeward movement of troops began, our returning soldiers passing through the camp underwent the sanitary processes, were segregated according to States, had their records checked, and were dispatched to the camp nearest their homes for final discharge.

The veteran well remembers the historic camp, its military bustle, and all that was done to make camp life comfortable for him. It is endeared to the hearts of veterans. All who occupied its soil remember fervently the favorable, conspicuous, and important part it played as the principal gateway to and from the battlefields.

Parents, relatives, and friends of departing veterans had the privilege of there meeting them and sharing with them their last days in this country.

Gold-star mothers will never forget the hospitality of the camp. Quarters were provided on the grounds for them to be near their sons and many a mother bade her last farewell to her son at Camp Merritt. Her fond memory returns to that hallowed place. It furnished the last bit of comfort and friendly encouragement for her departed. She cherishes the sacred site.

No word of Camp Merritt would suffice without reference to the distinguished soldier whose name it bore. He was Gen. Wesley Merritt, a brilliant Cavalry leader developed by the Civil War. After his graduation from West Point, in 1860, he entered the Cavalry branch of the Army and his distinguished service led to his promotion until he became brigadier general on June 8, 1863. As such he fought gallantly at Gettysburg and shortly afterward took command of the Cavalry operating in Virginia. He was in the Richmond campaign of 1864 commanding the first division of Sheridan's army in the Shenandoah Valley.

By his gallant and distinguished service he became, at the age of 27 years, a major general. He was with Grant at the surrender of Appomattox, and General Grant appointed him one of the three commissioners to carry out the peace terms. At the close of the Civil War he continued his service in the Cavalry, taking part in various Indian campaigns until 1882. At that time he was appointed superintendent of the United States Military Academy at West Point. Nearly all the general officers holding important commands in the World War received all or part of their military education under General Merritt's supervision. General Pershing was a cadet at West Point during the years that General Merritt was its superintendent.

Upon leaving West Point General Merritt had command of different military departments in the East and West. When the Spanish War broke out he was appointed military governor of the Philippines and commanded the Eighth Army Corps which was dispatched there. With Admiral Dewey he received the surrender of Manila on August 13, 1898. Later, at Paris, he was a member of the commission appointed to arrange the terms of the treaty of peace with Spain. He died December 3, 1910.

Surviving him at the time of our entry into the World War was his widow, who took a distinctive interest in the camp and its occupants. Out of her own funds she generously donated the sum of $10,000 for the erection of a building which was intended to be, and was, a dispensary of true hospitality. "Merritt Hall", as it was called, proved to be the favorite retreat of the service man. It was the hearth and heart of the camp.

If Camp Merritt is reestablished, sufficient of the original land site should, in my opinion, be acquired so that the most important of the camp buildings may be reproduced. The new buildings ought to be of permanent and lasting construction, but should conform to the design of the original structures, which were of wood, rudely built in an emergency. In such case anyone visiting the Camp Merritt National Monument could visualize the main features of the camp as they existed during the war.

The commemoration of the camp in this manner would in its building give employment to vast numbers of unemployed, many of them veterans, in the region of the camp. It would from its inception do a great deal of practical good in meeting the immediate needs of the labor problem of the vicinity, which is acute. The land could now be acquired on terms more reasonable perhaps than at any other time in years. A large amount of money would not be required for the perpetuation of the great cantonment, which in its making would lend great benefit to our people.

Furthermore, the new camp would serve a practical need in furnishing quarters for our veteran, military, and patriotic organizations, many of which will willingly contribute a portion of the expense for its upkeep.

Revenue could also be had from the sale of souvenirs to countless visitors who will frequent the shrine. Atop the Palisades, it will be ideally located to attract the throngs that annually find their way to metropolitan New York.

Above all, the commemoration of Camp Merritt along the lines proposed, besides exhibiting the activities of the camp in the great war against war, will recall vividly to our visiting countrymen the vital necessity of preparedness and adequate national defense to keep this land of ours inviolate and free from the threat and invasion of enemies. Mementos, inside and outside the building, should depict the World War in all its horrors, the frightful scenes of the battlefields, the carnage and slaughter of the trenches, the hellish shell fire, the inhuman gas attacks, and the havoc wrought by the bombing planes and airships, from which we have most to fear in the future. Especially should the development of aviation be stressed, since it must hereafter constitute our first line of defense.

Rendering an indispensable service during the World War, Camp Merritt, as a national shrine, can permanently serve the country by quickening our people to the full realization of the enormity and cost of the holocaust of nations pitted against each other and the prime importance of being ever ready and prepared to make war against war for the preservation of our peace.

Now pending before the Congress of the United States is a bill, introduced by the writer, to provide for the establishment of a national monument on the site of Camp Merritt in New Jersey. Known as H. R. 27, it should be one of the bills to receive early consideration by the Committee on the Public Lands.

By its provisions the Secretary of the Interior is authorized and directed to acquire, on behalf of the United States, such portion of the site of Camp Merritt as may be necessary and suitable for the establishment of a national park or monument, which shall be a public national memorial to the members of the American Expeditionary Forces who occupied the camp during the World War. The Director of the Office of National Parks is to have supervision, management, and control of this national shrine, which shall be designated as "Camp Merritt National Monument."

REPEAL OF PUBLICITY SECTION OF REVENUE ACT OF 1934

The Senate resumed the consideration of the bill (H. R. 6359) to repeal certain provisions relating to publicity of certain statements of income.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE]

The amendment offered by Mr. LA FOLLETTE is after line 5 insert a new section reading as follows:

SEC. 2. (a) Section 11 of the Revenue Act of 1934, relating to the normal tax on individuals, is amended by striking out "4 percent" and inserting in lieu thereof "6 percent."

(b) Section 12 (b) of the Revenue Act of 1934, relating to rates of surtax, is amended to read as follows:

"(b) Rates of surtax: There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax as follows:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $8,000, 6 percent of such excess.

"$240 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 7½ percent in addition of such excess.

"$390 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 9 percent in addition of such excess.

"$570 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 10½ percent in addition of such excess.

"$780 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 12 percent in addition of such excess.

"$1,020 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 15 percent in addition of such excess.

"$1,320 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 18 percent in addition of such excess.

"$1,680 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 21 percent in addition of such excess.

"$2,100 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 24 percent in addition of such excess.

"$3,060 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 27 percent in addition of such excess.

"$4,680 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 31½ percent in addition of such excess.

"$6,570 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 36 percent in addition of such excess.

"$8,730 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 40½ percent in addition of such excess.

"$11,160 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 45 percent in addition of such excess.

"$13,860 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 48 percent in addition of such excess.

"$16,740 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 51 percent in addition of such excess.

"$19,800 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 54 percent in addition of such excess.

"$23,040 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 57 percent in addition of such excess.

"$26,460 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 60 percent in addition of such excess.

"$32,460 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 63 percent in addition of such excess.

"$38,760 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 65 percent in addition of such excess.

"$71,260 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 66 percent in addition of such excess.

"$104,260 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 67 percent in addition of such excess.

"$171,260 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 68 percent in addition of such excess.

"$239,260 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 69 percent in addition of such excess.

"$308,260 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $1,000,000, 70 percent in addition of such excess.

"$658,260 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 71 percent in addition of such excess."

(c) Section 143 of the Revenue Act of 1934, relating to withholding of tax at the source, is amended by striking out "4 percent" wherever appearing in such section and inserting in lieu thereof "6 percent."

(d) Section 25 (b) (1) of the Revenue Act of 1934, relating to personal exemption, is amended by striking out "$1,000" and inserting in lieu thereof "$800"; and by striking out "$2,500" wherever appearing in such subsection and inserting in lieu thereof "$2,000."

(e) Section 213 of the Revenue Act of 1934, relating to personal exemption of nonresident aliens, is amended by striking out "$1,000" and inserting in lieu thereof "$800."

(f) Section 51 of the Revenue Act of 1934, relating to individual returns, is amended by striking out "$1,000" and inserting in lieu thereof "$800"; and by striking out "$2,500" wherever appearing in such section and inserting in lieu thereof "$2,000."

(g) The provisions of this section shall apply only to taxable years beginning on or after January 1, 1935. Income taxes for taxable years beginning prior to January 1, 1935, shall be levied, collected, and paid as if this section had not been enacted.

Mr. HARRISON. Mr. President, I make a point of order against the amendment offered by the Senator from Wisconsin. I do not think I formally made it yesterday, because the Senator from Wisconsin said he desired to make a brief statement. He made that statement yesterday afternoon, and I now make the point of order that the pending bill is not, in a strict sense, a revenue bill, and that for the Senate to attach a tax proposal to the bill at this time would be contrary to that provision of the Constitution requiring all bills for raising revenue to originate in the House of Representatives.

The VICE PRESIDENT. The Chair is ready to rule on the point of order, unless some Senator desires to discuss it.

Mr. HARRISON. I do not desire to discuss it further.

Mr. LA FOLLETTE. Mr. President, the Vice President was not in the chair yesterday when I made my statement. Briefly, my contention is that the proposed repeal of the section of the law involved in the pending House bill will affect the revenue. I realize that that is merely an opinion, and that other Senators may hold a contrary opinion, but, it seems to me, that under the circumstances, where there is a sharp division of opinion as to whether or not a bill which has passed the House will affect the revenue, the question of doubt should be resolved in favor of permitting the Senate to act in any way in which a majority of the Senate thinks necessary.

In the second place, I should like to point out, so far as the contention is concerned, that this legislation affects only an administrative feature of the law and not rates, that our experience with the last revenue law has been a complete demonstration of the fact that the administrative features of the law are equally important with the rates imposed, so far as the net revenue to the Government and the amount which it collects under any revenue law are concerned.

In the third place I should like to direct the attention of the Chair to many of the rulings of Vice President Marshall and other presiding officers of the Senate, which have been followed since that time, which proceed on the theory that the House, having opened the way to legislation which might, under a strict interpretation of the rule, preclude the Senate from taking action, the rather general trend of the precedents in the Senate has been that the Senate, under such circumstances, is not controlled by a strict interpretation of the rules of the Senate. I recognize, I may say, that they do not apply to the constitutional question involved, but I cite them in the hope that the Chair will feel in making his ruling, that a question which I admit is debatable should be decided upon the basis of permitting the Senate to exercise its equal and coordinate responsibility with the House of Representatives under the Constitution.

Mr. HARRISON. Mr. President, I was of the opinion that perhaps the question was so clear upon its face that it would require no argument to convince any one that we would be violating precedents and not acting in accordance with the Constitution if we should attempt to write a revenue amendment upon a bill which seeks merely to repeal the "pink slip" provision of the law.

It will be noted that the title of House bill 6359 is "To repeal certain provisions relating to publicity of certain statements of income." Those provisions deal solely with administrative purposes and features of the existing law; in no way, not by the wildest stretch of the imagination, can they be construed to affect the raising of revenue.

Mr. Story, in section 880 of his works on the Constitution, makes this statement with reference to the constitutional provision:

> What bills are properly "bills for raising revenue", in the sense of the Constitution, has been matter of some discussion. A learned commentator supposes that every bill which indirectly or consequently may raise revenue is, within the sense of the Constitution, a revenue bill. He therefore thinks that the bills for establishing the post office and the mint, and regulating the value of foreign coin, belong to this class, and ought not to have originated—as in fact they did—in the Senate. But the principal construction of the Constitution has been against his opinion. And, indeed, the history of the origin of the power already suggested abundantly proves that it has been confined to bills to levy taxes in the strict sense of the words, and has not been understood to extend to bills for other purposes, which may may incidentally create revenue. No one supposes that a bill to sell any of the public lands, or to sell public stock, is a bill to raise revenue, in the sense of the Constitution. Much less would a bill be so deemed which merely regulated the value of foreign or domestic coins, or authorized a discharge of insolvent debtors upon assignments of their estates to the United States, giving a priority of payment to the United States in cases of insolvency, although all of them might incidentally bring revenue into the Treasury.

In one of the most important cases decided by the courts of the United States, the case of *Twin City Bank* v. *Nebeker* (167 U. S. 202), the court said:

> The case is not one that requires either an extended examination of precedents, or a full discussion as to the meaning of the words in the Constitution, "bills for raising revenue." What bills belong to that class is a question of such magnitude and importance that it is the part of wisdom not to attempt, by any general statement, to cover every possible phase of the subject. It is sufficient in the present case to say that an act of Congress providing a national currency secured by a pledge of bonds of the United States and which, in the furtherance of that object, and also to meet the expenses attending the execution of the act, imposed a tax on the notes in circulation of the banking associations organized under the statute, is clearly not a revenue bill which the Constitution declares must orginate in the House of Representatives. Mr. Justice Story has well said that the practical construction of the Constitution and the history of the origin of the constitutional provision in question proves that revenue bills are those that levy taxes in the strict sense of the word, and are not bills for other purposes which may incidentally create revenue (1 Story on Constitution, sec. 880). The main purpose that Congress had in view was to provide a national currency based upon United States bonds, and to that end it was deemed wise to impose the tax in question.

Throughout the decisions the same construction of the constitutional provision has been given by the courts.

I desire to cite a few precedents relative to what has been done with reference to bills which originated in the House which were not revenue bills, upon which some revenue amendment was tacked by the Senate, and the House later refused to accept the amendment, returning the bill to the Senate.

In the Sixty-fourth Congress, second session, February, March 1917, the Senate added an amendment to the naval appropriation bill (H. R. 20632) authorizing the Secretary of the Treasury to borrow certain sums on the credit of the United States and to prepare and issue bonds therefor (proposed by Mr. Swanson).

The House, on March 2, 1917, returned the bill and amendment to the Senate with the statement that it contravened the first clause of section 7 of article I of the Constitution and was an infringement of the privileges of the House.

The Senate subsequently reconsidered the vote on the passage and engrossment of the bill and amendments, and a motion was agreed to whereby the amendment providing for the bond issue was stricken from the bill.

In the Fifty-eighth Congress, third session, 1905, the Senate added an amendment to the annual agricultural appropriation bill (H. R. 18329), as follows: That paragraph 234

of the act of July 24, 1897—a revenue act—shall not be held to be affected by the provisions of section 30 of said act.

The House adopted a resolution ordering the bill returned to the Senate, with the statement that the amendment contravened the first clause of the seventh section of article I of the Constitution and was an infringement of the privileges of the House.

After debate in the Senate, that body reconsidered the vote on the passage and engrossment of the bill, and the amendment in question was then disagreed to, and the bill again passed with the objectionable amendment eliminated.

On June 30, 1864, the bill (H. R. 549) further to regulate and provide for the enrolling and calling out of the national forces was passed by the Senate with an amendment, among others, providing for a 5-percent duty on incomes. The House ordered the bill returned to the Senate with the statement that the amendment in question contravened the first clause of section 7 of article I of the Constitution and was an infringement of the privileges of the House.

The Senate on the same day reconsidered the bill and eliminated the objectionable amendment.

Mr. President, so it goes on down the line. I submit that the bill now before us, which deals solely with the repeal of an administrative provision of law, namely, the pink-slip provision, affects in no way the revenues of the Government.

Mr. Justice Story and the courts say a bill must go further than incidentally to affect the revenues of the Government and must deal directly with the revenues before the Senate may take cognizance to the extent of adding revenue provisions.

It seems to me it is without question that the Senate ought to sustain the point of order, if submited, or, if the Chair desires to rule without submitting the question to the Senate, he should sustain the point of order. Certainly the Senate of the United States ought not to assume, in view of the provision of the Constitution to which I have invited attention, the privilege and the right of writing a revenue bill in this way.

Sooner or later at the present session of Congress we may be forced to consider a revenue bill which might have a tendency to increase taxes or to extend the application of those taxes which by operation of law would otherwise lapse on June 30. Certainly, when that time comes the House ought to be given its privilege and right, which it has always exercised, to construct its own revenue bill without the Senate assuming in the beginning to write a revenue bill and send it to the House. I think the House would have just cause to feel it was an abuse of their privilege, and, so far as I am concerned, I am not willing to go that far. Therefore, I have made the point of order.

Mr. LA FOLLETTE. Mr. President, will the Chair permit a brief statement?

The VICE PRESIDENT. Certainly; the Chair will be glad to hear the Senator.

Mr. LA FOLLETTE. Mr. President, so far as the commentaries from Justice Story are concerned, I should like to point out that they were made prior to our experience with the income-tax law, and without any knowledge of the important relation between the administrative features of such a tax law and the rates imposed under it.

I also should like to point out that the four precedents which the Senator from Mississippi has cited—cases in which the Senate attached amendments relating to revenue to bills passed by the House—are not at all on all fours with the instant case. One case which he mentioned was a naval appropriation bill; another was a bill concerning postal rates; another was an agricultural appropriation bill; and another was a bill in 1864, relating to calling out additional forces during the war.

Mr. President, it seems to me that this case must be considered upon the basis that the bill which the House has passed is a bill relating directly to the revenue laws, relating directly to the income tax, and that the House having opened the door in connection with the provision concerning the administrative features of the law, the Senate should have an opportunity to take whatever action it sees fit to take in the premises dealing with other features of the law.

Mr. NORRIS. Mr. President, as everybody knows, I am bitterly opposed to the passage of the pending bill. I think it would be a serious mistake to pass it; and I should not hesitate to do anything which in my judgment was legal to prevent its passage or to delay it. At the same time, in order to accomplish those objects I do not believe we would be justified in violating, not the rules of the Senate, but the Constitution of the United States.

As I look at the matter, it is perfectly plain that the point of order ought to be sustained. I should like to accomplish what the amendment seeks to accomplish. While it has not been read, I understand that the amendment imposes increased rates in some of the brackets of the income tax. I am very heartily in favor of that. I should do anything I thought was legal in order to accomplish that end; and if this were a simple question of a violation of the rules of the Senate, I should feel much more like taking a chance and resolving any possible doubt in favor of such an amendment.

As I see it, however, the question goes farther than that. The Constitution has plainly laid down the rule which we are compelled to follow; and, whether we like it or not, I think we ought to follow it. Even though we could gain a temporary advantage, I should not desire to gain it at the expense of violating the Constitution, which I think adopting this amendment would involve.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. As the Senator knows, I have a great regard for his opinion, and would hardly dare even argue against his opinion on a constitutional question; but all this proposed legislation might be under the title "A bill relative to the collection of income taxes."

In my State we have a constitutional provision that no bill may have more than one object, which must be expressed in its title. If this were a State bill, there would be no trouble in covering its object under the one line "relative to the collection of income taxes."

Mr. ROBINSON. Mr. President, will the Senator from Nebraska permit me to interrupt him?

Mr. NORRIS. I yield.

Mr. ROBINSON. I call the attention of the Senator from Louisiana to the fact that the language of the Constitution is different from that which he refers to in the Louisiana statute.

Mr. LONG. What is the language in the Constitution?

Mr. ROBINSON. The language is:

> All bills for raising revenue shall originate in the House of Representatives.

Mr. LONG. That is true.

Mr. ROBINSON. Therefore, unless the bill provides for raising revenue, it does not come within that restriction. I agree unqualifiedly with the statement which the Senator from Nebraska is making.

Mr. NORRIS. Mr. President, as I see it, we cannot afford to take a chance of that kind. If we do, our action will come home to roost some time. We cannot afford to violate what seems to me to be the plain provision of the Constitution.

We might have a bill here that would increase or decrease the salary of somebody in the Internal Revenue Bureau, having direct application to the particular matter in dispute. Would anybody contend that we could hang on that a revenue bill to increase taxation?

The matter seems to me too plain for argument. I do not think we can afford to accomplish the end in this way, even if the amendment could be adopted. I do not know but that it could be adopted if we were voting on it upon its merits. I certainly should support it in that case; but, even if the end were accomplished in that way and the amendment became a law, I think the method would be so unjustifiable that we could not afford to do it in that way.

That, however, would not be the result. The House of Representatives is jealous, as it should be, of its right to

originate revenue bills. The House of Representatives undoubtedly would return the bill to the Senate and refuse to consider this amendment, because the House would say, as I think it would have a right to say and ought to say, that the amendment takes away the constitutional privilege given to the House to originate revenue bills.

Referring to the suggestion that the bill may affect the revenue, I call attention to the fact that a reduction of the salary of an official of the Internal Revenue Bureau would also affect the revenue. There are those who believe that if we had publicity of income-tax returns the revenue would be increased. I am one of them; but such an increase would be only incidental. I ought to say also that others just as conscientious and more able than I am believe that publicity of income-tax returns would not affect the revenue. At least, this bill is not intended to raise revenue. It says so on its face; and I do not see how the Senate has any constitutional power to put such a construction on the bill as to revolutionize its purpose entirely and make it a revenue bill.

Mr. NEELY. Mr. President, I rise to make a point of order.

The VICE PRESIDENT. The Senator from West Virginia will state it.

Mr. NEELY. Mr. President, my point of order is that the debate on the pending question is out of order, because it clearly violates a standing rule of the Senate—rule XX—the first part of which is as follows:

A question of order may be raised at any stage of the proceedings, except when the Senate is dividing, and, unless submitted to the Senate, shall be decided by the Presiding Officer without debate, subject to an appeal to the Senate.

The question before the Senate is one of order. It has not been submitted to the Senate by the Chair. Therefore, the debate should be discontinued.

Many times during the last 10 years I have, without success, endeavored to have this rule enforced. But, inasmuch as the present occupant of the chair, the distinguished Vice President, is a profound parliamentarian and a fearless administrator of parliamentary law, the enforcement of the rule in question is now hopefully if not confidently invoked.

Mr. President, I move that further debate on the question before the Senate be declared to be out of order.

The VICE PRESIDENT. The point of order is well taken. The Chair is ready to rule.

The present occupant of the chair has at no time declined to construe the rules of the Senate; and if this were a matter of the rules of the Senate, he would not hesitate for a moment to express his opinion about it and make a ruling.

It seems to the Chair, however, that this is purely a constitutional question; and under the rulings and under the precedents for more than a hundred years, where constitutional questions are involved as to the right of the Senate to act, the Chair has universally submitted the question to the Senate.

The Chair thinks the logic of that rule is correct, the reasoning of it is good, because the Chair might undertake to interpret the Constitution when a majority of the Senators would have a different viewpoint. So the Chair is going to follow a long line of precedents and submit to the Senate the question whether or not it is constitutional for the Senate to propose this amendment; and it occurs to the Chair that the only question involved is, Is this a bill to raise revenue?

So the Chair is going to submit to the Senate of the United States the question as to whether or not the Senate, under the Constitution, has a right to propose this amendment.

Mr. BORAH. Mr. President, must that question be determined without debate?

Mr. LONG. No; it is subject to debate.

The VICE PRESIDENT. The point of order has been made by the Senator from Mississippi [Mr. HARRISON] to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE]. The question before the Senate is whether or not the point of order shall be sustained. That question is debatable.

In connection with his ruling on the point of order made by the Senator from Mississippi, the Chair asks unanimous consent to insert in the RECORD some decisions and precedents prepared by the parliamentary clerk. Is there objection? The Chair hears none.

The matter referred to is as follows:

[From the Constitution of the United States, as revised and annotated, 1924]

ARTICLE 1 SECTION 7, CLAUSE 1, REVENUE BILLS

All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills.

"All bills for raising revenue."

"The construction of this limitation is practically settled by the uniform action of Congress confining it to bills to levy taxes in the strict sense of the word, and it has not been understood to extend to bills for purposes which incidentally create revenue."

U. S. v. *Norton* (91 U. S. 566).

Twin City Bank v. *Nebeker* (167 U. S. 196).

Millard v. *Roberts* (202 U. S. 429).

QUESTIONS INVOLVING CONSTITUTIONALITY OF BILLS ARE SUBMITTED TO SENATE

Wednesday, January 16, 1924

The Senate, in a call of the calandar under rule VIII, reached the bill (S. 120) to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes.

Mr. MCKELLAR made a point of order against the bill on the ground that it was a revenue measure and that under the Constitution of the United States all revenue-raising measures must originate in the House of Representatives, and that the bill had no place on the Senate Calendar.

The question was argued, and Mr. Lenroot made the contention that it was not the function of the Chair to pass upon the question of whether bills are or are not in violation of the Constitution.

After further argument, the President pro tempore (Albert B. Cummins, of Iowa) made the following ruling:

"The Chair is of the opinion that he has no authority to declare a proposed act unconstitutional. The only precedent which the Chair has been able to find since the question arose was presented to the Senate in 1830, and the Vice President then in the chair ruled in accordance with the suggestion which the Chair has just made, holding that it was a question which must be submitted to the Senate and one which could not be ruled upon by the Chair, which entirely concurs with the views of the present occupant of the chair in the matter. The question before the Senate, therefore, is, Shall the point of order which is made by the Senator from Tennessee [Mr. MCKELLAR], which is that the bill now under consideration is unconstitutional and should have originated in the House of Representatives, be sustained? [Putting the question.] The ayes have it, and the point of order is sustained. The bill will be indefinitely postponed."

January 22, 1925

The Senate had under consideration the bill (S. 3674) reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes.

Pending debate,

Mr. Swanson raised a question of order, viz, that that portion of the bill dealing with increased postal rates proposed to raise revenue, and, under the Constitution, must originate in the House of Representatives, and was therefore in contravention of the Constitution.

The Presiding Officer (Mr. Jones of Washington) held that the Chair had no authority to pass upon the constitutionality of a bill, and submitted to the Senate the question, Shall the point of order be sustained?

On the following day the Senate, by a vote of 29 yeas to 50 nays, overruled the point of order.

The bill was subsequently passed and transmitted to the House of Representatives. On February 3 the House returned the bill to the Senate with the statement that it contravened the first clause of the seventh section of the first article of the Constitution and was an infringement of the privileges of the House.

The message and bill were referred to the Committee on Post Offices and Post Roads, and no further action taken. A House bill, H. R. 11444, of an identical title, was subsequently passed by both Houses and became a law.

* * * * * * *

March 2, 1931

Mr. Capper moved that the Senate proceed to the consideration of the bill (S. 5818) to regulate commerce between the United States and foreign countries in crude petroleum and all products of petroleum, including fuel oil, and to limit the importation thereof, and for other purposes.

Mr. Ashurst made the point of order that the bill was a revenue-raising measure, and, under the Constitution, should originate in the House of Representatives.

The Vice President submitted the point of order to the Senate.

Mr. Capper's motion was subsequently laid on the table, and the point of order was not passed upon.

December 17, 1932

The Senate had under consideration the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and provide a government for the Philippine Islands, to provide for the independence of the same, and for other purposes.

Mr. Dickinson offered an amendment imposing on imports of pearl buttons or shells, in excess of 800,000 gross in a year, the same rates of duty imposed on like articles imported from foreign countries.

Mr. Walsh of Montana raised a question of order, viz, that the amendment proposed to raise revenue and could not, under the Constitution, originate with the Senate.

The Vice President submitted to the Senate the question, Is the point of order well taken? and

It was determined in the affirmative.

Subsequently, Mr. Dickinson stated that the amendment above indicated was identical, except as to the commodity, with the language in the bill dealing with sugar and coconut oil; when

The President pro tempore ruled that in view of the language contained in the House text, the amendment was in order.

Mr. VANDENBERG. Mr. President, I should not assume for a moment to argue the constitutional point, and it would be only with the greatest temerity that I would disagree with the distinguished Presiding Officer, for whom I have profound respect, and with the able Senator from Nebraska [Mr. NORRIS] and the able Senator from Mississippi [Mr. HARRISON]. It seems to me, however, that finally a question of construction is involved. A layman may hazard a view on rules of construction.

I realize that there is no direct analogy between precedents dealing with the rules of the Senate and precedents dealing with a constitutional interpretation. Nevertheless, there is a very definite analogy in questions of construction, and I am constrained to submit to the Senate, which must now decide the question, the language of Vice President Marshall on July 15, 1916, ruling upon a point of order against legislation offered to an appropriation bill. I repeat, I recognize the sharp distinction between a rule of the Senate and a constitutional inhibition, but I also repeat that finally a question of construction is involved. I have never heard a more lucid statement in respect to construction upon this score than was uttered by Vice President Marshall on July 15, 1916, in deciding the point of order raised at that time, and I want to read what this eminent predecessor of the distinguished present Vice President said at that time. I quote:

> Notwithstanding the rule of the Senate to the effect that general legislation may not be attached to an appropriation bill, still when the House of Representatives opens the door and proceeds to enter upon a field of general legislation * * * the Chair is going to rule * * * that the House, having opened the door, the Senate of the United States can walk in through the door and pursue the field.

Mr. ROBINSON and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I yield to the Senator from Arkansas.

Mr. ROBINSON. Does the Senator from Michigan regard that precedent as applicable to the question now before the Senate?

Mr. VANDENBERG. Not literally.

Mr. ROBINSON. This is a case——

Mr. VANDENBERG. Let me answer the Senator.

Mr. ROBINSON. This is a case, as has been pointed out by the Senator from Nebraska and others, of the application of the constitutional provision, and the case cited by the Senator involved the interpretation of the Senate rules, a question in no wise related to the matter immediately before the Senate.

If the House of Representatives had placed in this bill a provision for raising revenue, if it had changed a single rate in existing law, or proposed the imposition or levy of a new tax, then the case which the Senator is citing would be applicable; but clearly it can have no application to the issue now before the Senate, in which it is not contended that the bill before the Senate is one for raising revenue. The only contention made is that suggested by the Senator from Wisconsin, that the bill has a relationship to the subject of revenue and may incidentally affect the revenue.

Mr. VANDENBERG. What is the Senator's question to me?

Mr. ROBINSON. I first ask the Senator whether he is contending that the precedent which he is citing is applicable to the issue now before the Senate.

Mr. VANDENBERG. I want to answer the Senator, if he will permit me.

Mr. ROBINSON. I conclude by suggesting that the door has not been opened; the House has not levied any tax, and does not propose to change any tax.

Mr. VANDENBERG. Mr. President, first I think the precedent is applicable, not because a rule of the Senate happens to be involved, because a rule is not involved, but it is applicable because a question of construction is involved, and I am submitting the very lucid language of the former Vice President as an amazingly persuasive statement of a rule of construction as it appeals to me as a layman. In the final analysis this is a question in construction.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield, although I should like to complete my answer to the question of the Senator from Arkansas, if the Senator from Nebraska will permit me.

Mr. NORRIS. Very well. I will propound my question later.

Mr. VANDENBERG. First, therefore, I think the language of Vice President Marshall is pertinent. Secondly, the Senator from Arkansas says that the door has not been opened. I must resist his logic at that point. I think that when Vice President Marshall said, " The House having opened the door, the Senate of the United States can walk in through the door and pursue the field ", that was directly applicable to a measure which touches any section of the Revenue Act of 1934, because that is the field to which the House has opened the door. That is my view of the application of the precedent I am reading.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. VANDENBERG. First let me yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, the Senator has partially stated his position on the question I was about to ask him. I am not contending, and I do not think anybody would contend, that the decision of Vice President Marshall was wrong. I think it is in no way involved here. A parliamentary principle as old as parliamentary law itself was stated in very concise language by Vice President Marshall when he made the ruling which the Senator has read; that is, that under the rules an amendment providing for legislation cannot be attached to an appropriation bill. However, if the House sends us a bill and includes legislation in it, or if we have an amendment before us which itself is subject to the rule, we can offer an amendment to that which, standing alone, would be objectionable under the rule, but there could be no objection when it was offered to a provision in the bill which itself was a violation of the rule.

I contend, and it seems to me to be plain, that in the bill from the House now before us, they have never opened the door. They have not provided in the bill for raising revenue, as that subject is referred to in the Constitution, and hence there is no exercise by the House of that constitutional privilege upon which we can hang an amendment providing for raising revenue.

Let me ask the Senator a question: Suppose the bill provided only that a certain officer in the Bureau of Internal Revenue, having to do with income-tax matters, who drew a salary of $10,000 a year, should have his salary increased to $12,000. Does the Senator think we could then write a revenue bill as an amendment and attach it to the bill?

Mr. VANDENBERG. It would be my view that any time the House of Representatives sends us an amendment to the Revenue Act of 1934, it has opened the door to the Revenue Act of 1934.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. Does the Senator from Michigan think that the bill now under consideration could have been introduced in the Senate and considered and passed as an original proposition?

Mr. VANDENBERG. De novo?

Mr. BARKLEY. Yes.

Mr. VANDENBERG. Not at all.

Mr. BARKLEY. Why not?

Mr. VANDENBERG. Because legislation of this character should originate in the House of Representatives, unless the House opens the door to the revenue legislation and permits the Senate to enter it.

Mr. BARKLEY. The language of the Constitution is that bills for raising revenue shall originate in the House. This bill——

Mr. VANDENBERG. Let me answer the Senator. The law which is sought to be amended did originate in the House of Representatives.

Mr. BARKLEY. Yes; but that was a law which levied rates of taxation, which really raised revenue.

Mr. VANDENBERG. That is the law which is here sought to be amended.

Mr. BARKLEY. The bill before us raises no revenue, it does not affect the revenue.

Mr. VANDENBERG. That is a question of argument. It is asserted that it does affect the revenue.

Mr. BARKLEY. There are those who say that the mere publication of an income-tax report may indirectly affect the revenue, but this certainly cannot be said to be a revenue-raising bill. If somebody, incidentally and indirectly, might be induced to pay less taxes than he would otherwise pay on account of the elimination of publicity, certainly that does not make the bill a revenue-raising bill within the meaning of the Constitution.

Mr. VANDENBERG. Is the Revenue Act of 1934 a revenue-producing measure?

Mr. BARKLEY. Of course.

Mr. VANDENBERG. Of course it is.

Mr. BARKLEY. But that is not the measure we have before us.

Mr. VANDENBERG. That entire law is before us, so long as the House has opened the door.

Mr. BARKLEY. Not at all.

Mr. VANDENBERG. That is my contention.

Mr. BARKLEY. That measure is not before us. We could have amended that law in any particular, and we did in many particulars amend it. The fact is that we added this particular provision to it.

Mr. VANDENBERG. I ask the Senator to make the argument in his own time. If there is any interrogatory he wishes to address to me I shall be very happy to try to answer.

Mr. BARKLEY. I may not have an opportunity to make my argument in my own time, but I will desist at this time if it interferes with the Senator. I was simply answering the question the Senator asked me a moment ago as to what the Revenue Act of 1934 was. Of course it had to originate in the House, because it had to do with raising revenue. The bill before us has nothing to do with raising revenue.

Mr. VANDENBERG. It is my position that this is precisely what Vice President Marshall was describing when he defined the latitude and the prerogative of the Senate of the United States in 1916.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BORAH. It seems to me this entire matter turns upon the question of whether the bill which came to us from the House of Representatives was a bill for raising revenue.

Mr. VANDENBERG. It undoubtedly would relate to raising revenue, finally.

Mr. BORAH. The question is, does the bill which has been presented to us purport to raise revenue, or does it substantially affect the question of revenue? That, in my opinion, is the point upon which the entire argument turns. I am unable to see how it can be said this is a bill to raise revenue, or how it in fact raises revenue, and that is the question which I should like to hear the Senator discuss.

Mr. VANDENBERG. Mr. President, of course I have not drawn the boundary with any such close limitation as the able Senator from Idaho would indicate. I am standing upon the proposition, as analyzed by Vice President Marshall, that when the House of Representatives sends us legislation which opens the Revenue Act of 1934—and that is precisely and literally what occurs here—it has opened all of the Revenue Act of 1934; and particularly in view of the fact that the pending proposal does affect revenue in the viewpoint of some of the Members of the Senate, I think the precedent is doubly applicable.

Mr. ROBINSON. Mr. President, will the Senator yield to me for a brief statement?

Mr. VANDENBERG. I yield.

Mr. ROBINSON. The difficulty about the Senator's proposition is that the Constitution does not provide that if the House opens the door by changing administrative provisions of a revenue statute the Senate may amend tax rates. It provides that "all bills for raising revenue must originate in the House." Therefore the only question that arises on the constitutional issue, in my judgment at least, is whether this is a bill for raising revenue within the meaning of that provision, and it would be difficult for any lawyer——

Mr. VANDENBERG. Which I am not.

Mr. ROBINSON. To maintain that this is a bill for raising revenue, because, as already pointed out, and frequently pointed out during the course of debate, it does not even purport to raise revenue. Granting that it is difficult for a lawyer to do it, I think it is impossible for a layman to do it.

Mr. VANDENBERG. Mr. President, I concede the difficulty which a layman confronts; but in view of the average demonstration made by a group of any two or more lawyers in the construction of any point I ever heard them discuss, I fail to find an opinion pronounced by a lawyer conclusive simply because it arises in that source.

Mr. ROBINSON. No one maintains, if the Senator will permit me, that the opinion of a lawyer is conclusive; but all opinions ought to be founded upon reason and fair judgment.

Mr. VANDENBERG. And obviously the Senator from Michigan thinks his view is founded upon reason, or he would not present it. At any rate, it is a view based upon the analysis by the Vice President of the United States presiding over the Senate in 1916, respecting what seems to me to be a sane construction of the rights of the Senate in a situation of this character, and that is all I wish to say.

Mr. HARRISON. I have heard the Senator many times pay very just tribute in his own inimitable and eloquent way to the Supreme Court of the United States.

Mr. VANDENBERG. That is quite correct.

Mr. HARRISON. Yes. How does the Senator reconcile his view with that of the opinion of Justice Harlan in the case of Twin City Bank versus Nebeker in 1896, when he said:

> Mr. Justice Story has well said that the practical construction of the Constitution and the history of the origin of the constitutional provision in question proves that revenue bills are those that levy taxes in the strict sense of the word, and are not bills for other purposes which may incidentally create revenue.

Mr. VANDENBERG. The Senator's answer is that the Revenue Act of 1934 is precisely the type of legislation which the Justice was describing, and that whenever the House of Representatives opens the door upon that legislation we are entitled to pursue the field.

Mr. HARRISON. But I understood the Senator to say that the bill now before us would have the effect, even under the wildest flight of imagination, only incidentally to raise revenue. Mr. Justice Harlan states that such bills must not only incidentally raise revenue; they must directly raise revenue.

Mr. VANDENBERG. It is my contention that the act of 1934 does precisely that, and the right of the Senate to amend a House amendment to any piece of legislation must be conceded, and that there is no prohibition in this given

instance. The Senate, as well as the House, has rights. The Senate, as well as the House, has responsibilities. I propose to defend the former and to accept the latter.

Mr. CONNALLY. Mr. President, the Senator from Michigan, with his clear mind, seems to disregard legal arguments; and therefore I invite his attention to a simple, everyday, layman's common-sense view of the question. Let us forget all about being lawyers. Let us look at the matter from a common horse-sense viewpoint.

What is the question before us? The only question involved is, Is the bill which the House sent to the Senate a bill for raising revenue? Is the purpose of the bill the raising of revenue? That does not mean necessarily that it will result in increasing the revenue. It might lower it; but, after all, the object of the bill would be to raise revenue, to get money into the Treasury.

That is the only question. If it is a bill for raising revenue, we may amend it. If it is a bill for raising revenue, then the gate is open; the House has opened the gate. If it is not a bill whose purpose is to raise revenue, then the Senate cannot touch it by amending it so as to raise revenue.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Louisiana.

Mr. LONG. Is not the particular provision known as the "pink slip" provision the one which we are proposing to strike out of the bill to raise revenue?

Mr. CONNALLY. It is proposed to strike the "pink slip" provision from the law; but such a bill as that to which the Senator refers is not before us.

Mr. LONG. Yes; it is.

Mr. CONNALLY. No; it is not before us. The Senator from Michigan, who says he is not a lawyer and does not understand lawyers, is in agreement with the Senator from Louisiana, who admits that he is a good lawyer.

Mr. LONG. I thank the Senator for publishing that fact. I have been trying to get that over in the Senate.

Mr. BARKLEY. The Senator from Louisiana indicated the other day that he was a successful one.

Mr. CONNALLY. The Senator from Texas inferred from the statement of the income derived by the Senator from Louisiana from his practice as a lawyer that he must have been a good lawyer.

Mr. LONG. And the Senator from Louisiana can use more than that.

Mr. CONNALLY. I am sure the Senator is able by way of making use of it as well as in other ways.

Let me say that the Senator from Michigan fell into error when he said, because the pending bill proposes to amend the Revenue Act of 1926, that therefore the entire Revenue Act of 1926 is before us. That is not true. What is before the Senate? The only thing before the Senate is this bill—not some other bill, but this particular bill—sent over by the House of Representatives. Is this a bill to raise revenue? Let me ask the Senator from Michigan, where is the income rate which is affected or changed by the provisions of this bill? Where is the tariff rate which is changed or affected by the provisions of this bill? Where is the gasoline tax which is changed or affected by it? Where in this bill is any rate changed or any modification made which affects in anywise any tax laid by the Congress?

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LA FOLLETTE. The House of Representatives having passed this amendment to section 55, does the Senator believe that any other amendments affecting the administrative features of the law would be germane to this bill under the constitutional interpretation?

Mr. CONNALLY. If they affected only the administrative features of the bill, yes; because such amendments could not propose to raise revenue or be for the purpose of raising revenue. If they should undertake to do that they would, of course, fall within the constitutional prohibition.

Mr. LA FOLLETTE. I desire to direct the Senator's attention——

Mr. CONNALLY. Will the Senator wait a moment and let me complete my statement? It is a favorite device, when we are discussing something concrete, for Members to go off on a side issue.

Mr. LA FOLLETTE. I am not going off on any side issue.

Mr. CONNALLY. Oh, yes; the Senator wants to imagine that we have some other bill before us. We have a specific bill before us.

Mr. LA FOLLETTE. No; I did not say that. I asked the Senator, the House of Representatives having passed a bill proposing to change one administrative provision of the law, whether under his interpretation of the Constitution he believes it would then be within the power of the Senate, under the Constitution, to offer amendments to that bill affecting other provisions of the administrative features of the law; and I understood the Senator to answer in the affirmative.

Mr. CONNALLY. I do, but with the qualification that I cannot make a generalization as to all possible amendments. I am not going to say that no amendment would be in order, because I do not know the nature of all possible amendments.

Mr. LA FOLLETTE. Since the Senator is considering this question from the horse sense point of view, as he said, I desire to direct his attention to the fact that a large proportion of the Revenue Act of 1934, and the amendments thereto, had to do with administrative provisions designed to increase revenue. Is that not a fact?

The Senator was on the committee. We worked night and day; and often, when a proposed change in the administrative features of the law was presented, the experts of the Senate committee were asked, "How much is that going to increase the revenue?"

My point is that in an income-tax measure we cannot confine our interpretation of features of that measure which raise revenue solely to the rates which are imposed; that the construction of a revenue measure is such that its administrative provisions are just as important in affecting and in raising revenue as are the rates which are imposed.

Mr. CONNALLY. Mr. President, the Senator from Wisconsin has made very clear the reason why I made a reservation a moment ago in my admission that any administrative amendment would be in order. Some might be in order, and some would not be. If an administrative amendment should have for its purpose the raising of revenue, it would not be in order in the Senate unless the bill to which it was offered had been sent over by the House and had for its purpose the raising of revenue. In that event it would be in order in the Senate, and in the other event it would not be in order.

After all, this is a simple question. The Constitution says very clearly:

All bills—

What kind of bills?

All bills for raising revenue—

That means, all bills whose purpose it is to get money into the Treasury. What does the Court say? The Senator from Mississippi [Mr. HARRISON] has already cited the precedents and I shall not repeat them. The Supreme Court repeatedly, time after time, has held that a bill for raising revenue is a bill whose chief purpose—not whose incidental purpose, but whose chief purpose—is to raise revenue and bring it into the Treasury. Is this bill such a bill? Which Senator can rise here on the floor, under his responsibility as a Senator, and say that the purpose of the repeal of the "pink slip" is to raise revenue? The Senator from Nebraska [Mr. NORRIS] pointed out that distinction very clearly and very cogently. Why split hairs?

If we should adopt this amendment, the House of Representatives would send it back, and properly so. They are not all unaware of their prerogatives, and if the Senate should adopt the pending amendment to the "pink slip" repeal bill and send it over to the House, if the House has any manhood—and I think it has—it would immediately send the whole bill back to the Senate, and say, "We refuse to accept your amendment to this bill, because the Senate

has infringed the prerogatives of the House." Would not the Senate do the same thing if the House should undertake to invade our treaty-making power or our power to confirm or reject appointees? Would not the Senate act properly in resenting any infringement of its prerogatives?

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. FLETCHER. The whole argument against the Senator's position and the position of the Senator from Mississippi is that any amendment to the Revenue Act of 1934 brings the whole act before the Senate and that anything we might do here with reference to amending the act of 1934 would be in order because an amendment of the act has been proposed by the House bill. With all due respect to those who entertain that view, such a contention seems to me to be perfectly ridiculous.

For instance, there are, in the act of 1934, a dozen different definitions of various expressions such as "person", "domestic corporation", and "foreign corporation." Suppose the House should pass a bill amending the definition of a corporation or of a person, would that open the whole revenue act to revision here?

Mr. CONNALLY. Oh, no.

Mr. FLETCHER. Of course, it would not. It seems to me it is very far-fetched to contend, because the act of 1934 is proposed to be amended in one administrative feature that, therefore, the whole act is open to amendment here. I think that contention cannot be sustained upon any ground or for any reason. There are 40 provisions of the act of 1934 that have no relation to raising revenue but which are merely definitions and provisions of that kind.

Mr. CONNALLY. Of course, if the House of Representatives should send to the Senate a bill whose purpose was to raise revenue——

Mr. FLETCHER. Then, of course, I admit the situation would be different.

Mr. CONNALLY. I admit that it would open up the revenue-raising field, and we could amend it in its revenue-raising features, subject, of course to the rule of germaneness and to the other rules of the Senate. If this bill had for its purpose the raising of revenue, its taxing features would be subject to amendment in the Senate.

Reference has already been made to the decisions of the Supreme Court, but nearly all of them are based on Judge Story's early opinion. I will quote his language, and I commend it to the Senator from Michigan, who cast some reflection on lawyers' arguments and said he never could understand them and never agreed to them. I commend to him Judge Story. Perhaps the Senator has heard of Judge Story. He was an early constitutional commentator, and at one time a judge of the Supreme Court of the United States. Here is what he said:

> Revenue laws mean such laws as are made for the direct—

Now listen—not the incidental—

> as are made for the direct and avowed purpose of creating revenue or public funds for the service of the Government.

Is there anything plainer than that? Measured by that standard, is the bill before us devised for the direct and avowed purpose of creating revenue or public funds for the service of the Government? Measured by any sort of a rule, measured by a lay rule or a lawyer's rule or any other sort of rule, is this bill, as it came to the Senate, intended primarily, directly, and avowedly for the purpose of raising revenue? It does not modify or alter a single duty, internal-revenue tax, excise tax, income tax, or any other possible rate of tax now existing. Then, how, in the name of common sense, can it be held by anybody, anywhere, to be a bill for the purpose of raising revenue?

Mr. BARKLEY. Mr. President, has the Senator from Texas finished?

Mr. CONNALLY. I have concluded.

Mr. BARKLEY. Let me submit just a word with respect to the philosophy of the constitutional provision which we are discussing. The object of the framers of the Constitution was to see to it that any bill which taxed the people should originate in the most popular body of the Congress; that body the Members of which were most frequently subject to election or defeat by the people; and who would soonest have to return to them and give an account of their stewardship. That is why, of course, the provision was put in the Constitution in the beginning.

The Constitution provides that when such a bill comes to the Senate the Senate may amend it, as in the case of other bills. We have no rule of germaneness in the Senate except on appropriation bills. Any bill of a general character may be amended in any way in which the Senate sees fit to amend it. The Senate might have a tariff bill under consideration and, as a part of that tariff bill, we might add a section creating the office of Assistant Secretary of the Treasury. The bill might become a law. Suppose later on the House of Representatives should pass a bill abolishing the office of Assistant Secretary of the Treasury created by that tariff bill, would anybody contend that that opened up the rates of tariff provided for in the original tariff bill?

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. I think some gentlemen on the other side would so contend.

Mr. BARKLEY. Well, probably so. I mean that nobody could successfully so contend. I believe that a bill of that sort, a bill to abolish the office of Assistant Secretary of the Treasury, could orginate in the Senate, and nobody could contend that under the Constitution it should have originated in the House of Representatives; but if a bill merely designed to repeal a certain section of a tariff law establishing the office of Assistant Secretary of the Treasury, which was a part of a tariff bill but had no relation to tariff rates, originated in the House and came to the Senate, I suppose, upon the same theory that the pending amendment is offered and the contention concerning it is made, we could offer all sorts of amendments changing our tariff rates and not only our tariff rates but our income-tax rates and every other rate of taxation affecting the people of the United States. I cannot, for the life of me, see how any such contention can be maintained.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. I dislike to interrupt the Senator.

Mr. BARKLEY. I am glad to be interrupted.

Mr. CONNALLY. If that were the rule, there would never be any use of having the constitutional requirement, would there?

Mr. BARKLEY. Not at all.

Mr. CONNALLY. It would absolutely abrogate it, because we could tie revenue bills on to practically any bill that came to the Senate from the other House.

Mr. BARKLEY. Yes; provided that the bill which came here and which was originated in the House amended some incidental provision of the revenue law. When it came here we could tack on an entire tax system and thereby nullify the constitutional provision, simply because the House bill coming to us dealt with some incidental unimportant provision of either a tariff bill or a general revenue bill.

Mr. CONNALLY. Mr. President, let me ask the Senator another question.

Mr. BARKLEY. I yield.

Mr. CONNALLY. The other day we had under consideration the question of salaries of prohibition agents. They deal with the Alcohol Tax Unit. That relates to revenue. Could we have amended the tariff law on that bill?

Mr. BARKLEY. Of course not. Merely to state the situation seems to me to answer the question asked by the Senator. It would pervert the very constitutional provision if, under the guise of a revenue bill which deals with a mere incidental provision, not necessarily having any relationship to a revenue bill but added as an amendment by the Senate, we can go into the entire taxing system.

Mr. GORE. Mr. President, yesterday I made reference during the course of the debate on this amendment to the case of Hubbard against Lowe. That case is reported in 226 Federal Reporter, first series, page 135. That is the case in

which the United States District Court for the Southern District of New York held the Cotton Futures Act to be unconstitutional and void. I had not read that case for a number of years, and I find that I was in error in stating the history and origin of the act adjudged to be unconstitutional. I wish merely to make this correction for the RECORD. I stated on yesterday that the act annulled by that decision originated in the House of Representatives, that the Senate had amended it by imposing tax rates upon future contracts, and that on that account the act was held to be unconstitutional. I find the truth to be—and it illustrates the tenacity with which the courts hold to the constitutional provision that revenue measures must originate in the House—that the measure originated in the Senate. It defined the character of future contracts which would be lawful and permissible under the act. It made unlawful the transmission of any other form of contract through the mail.

That act originated in the Senate. When it reached the House, the House struck out all after the enacting clause and inserted language imposing a series of taxes on cotton-futures contracts. The constitutionality of that measure was challenged on the ground that the bill originated in the Senate. The court sustained that contention and held the act void. Remember, the measure which originated in the Senate imposed no taxes, but when the measure reached the House, the House struck out all after the enacting clause and imposed a schedule of taxes and tax rates. Even though the taxes were actually imposed by the House, as they must be under the Constitution, the fact that they were attached to a Senate bill rendered the measure unconstitutional.

It cannot be doubted, as I see it, that a House bill, in order to warrant amendments by the Senate imposing rates, must either impose a rate, repeal a rate, raise a rate, or reduce a rate. Indeed, I am not certain that a mere repealing measure would render eligible amendments by the Senate imposing rates.

Mr. LONG. Mr. President, I do not wish to put my ability as a constitutional lawyer against that of some of the distinguished gentlemen who have discussed the pending question, but either they were wrong last year or they are wrong now. One of the two times they have committed a very drastic act of unconstitutionality and in violation of the rules of the Senate.

Last year we inserted the "pink slip" provision in a revenue bill. We wrote it into the income-tax law, the law prescribing rates and methods and means of collecting those rates. This provision was one of the inextricably interwoven parts of that solid germane statute; in other words, that law which says there shall be an income tax collected in the following manner, and assessing certain rates. It might well have been, as I said to the Senator from Arkansas [Mr. ROBINSON] and the Senator from Nebraska [Mr. NORRIS], included under one title, "An act providing revenue for the conduct of the United States Government." It might have been under one of several other similar germane titles. One title would have covered the act. We inserted into the act last year a provision that the reports or returns of collections should be made public. Why? Because it was necessarily a part and parcel of the entire thesis of raising revenue for the Government.

The argument made by Senators on the floor of the Senate for the so-called "publicity" of income-tax returns was based on the theory that it would raise more revenue for the Government. If Senators will read the arguments which were submitted on the floor of the Senate when the publicity provision was under consideration, they will find that every one was to the effect that it would bring more revenue to the Government. That is why we wrote it into the law.

It is now proposed to strike out this particular provision inserted in the law to assist in bringing revenue to the Government, and very wisely does the Senator from Wisconsin [Mr. LA FOLLETTE] offer an amendment to bring into the Treasury some of the revenue of which it is going to be deprived as a result of the repeal of the "pink slip" provision. If our experience should teach us anything. It should teach us that never was a more timely and germane amendment proposed than the "pink slip" provision which was tacked onto the revenue measure, the repeal of which would now deprive the Treasury of some of its resources.

Let us reason just a moment as lawyers. What is the purpose of the whole legislation? It is to raise revenue for the Government. The purpose of the filing of the income-tax return is a part of the work of raising the revenue. The various administrative features of the act and how it shall be administered are all interwoven in the general theory of collecting taxes assessed by the Government. When we undertake here to strike out one section, we must admit that either we did a wrong thing last year or we are doing a wrong thing this year.

When we wrote into the law last year that we were going to make the reports and the returns of tax collections public either we wrote in there a germane constitutional provision. or else we must admit at this time that we cannot attach rates to the bill now before us; we must admit that we ought not to have put this provision in the law in the first place.

Suppose this proposal came here as an independent proposal, as one Senator suggested. That would make all the difference in the world. We can amend a statute, we can repeal a statute perhaps by an independent act; but when we undertake to amend an act we must remember that it is the constitutional jurisprudence of the world, state and federal, that whenever we undertake to amend an act, it is germane to provide for further amendments to that act.

The old Louisiana jurisprudence has followed other jurisprudence. When we amend a Louisiana act granting the authority of a charter to a city, if we amend section 1 of the act relative to the authority that is imposed upon the municipality, we can amend every other section of the act. If we amend the part of the act creating the police department, we can amend the part of the act prescribing and fixing the collection of revenue.

Let us assume this is a revenue measure. Why is it not a revenue measure? The Senator from Oklahoma [Mr. GORE] undertook to draw a distinction. He cited a case where the Senate passed a bill which went to the House and the House struck out all after the enacting clause and inserted revenue schedules in the Senate bill, and that act was held to be unconstitutional. That was a correct holding, because the Senate had no right to initiate the particular bill which was to become a revenue measure. That was a very wise and very prudent decision.

But that is not the case here at all. In this instance the House originated the bill which became revenue legislation, and it has done so by amending a section or repealing a section of the revenue law.

Mr. President, I have no doubt the amendment will be voted down. I presume there will be a majority of Senators who will disagree with the view I take of it, but it will not be very long before we will have the same question before us on another angle, and Senators then almost of necessity will be required to change their views.

WORK-RELIEF FUNDS FOR ADMINISTRATION OF A. A. A.

Mr. GEORGE. Mr. President, since we have not yet reached a vote on the point of order now pending before the Senate on the so-called "pink slip" provision of the revenue act, I am going to transgress for a moment in order to make some references to a statement issued by the Secretary of Agriculture.

Quoting from this morning's press, the particular quotation being taken from the Washington Post, I read:

> Secretary Wallace yesterday declared he opposed the George amendment to the $4,880,000,000 works bill because it would permit farmers "to dip their hands into the United States Treasury."
>
> The amendment authorizes President Roosevelt to make benefit payments to farmers from this fund as an alternative to processing taxes. In asserting he is against it, the Secretary said other classes would be quick to protest.

I read further:

> Asked what action the administration would take on demands of southern Congressmen to remove the processing taxes on cotton, the Secretary declared:
>
> "With cotton at its present price"—

Everyone, of course, knows that cotton has declined approximately $10 a bale within the last 2 weeks.

"With cotton at its present price, there's much more likelihood the processing tax will be raised instead of lowered."

That is a direct quotation, I presume, from the Secretary of Agriculture.

He denied the processing tax is responsible for the plight of the cotton textile industry, which on Tuesday was granted permission by the N. R. A. to lower production because of a lessening of consumer demand.

Concerning the jump in cotton imports, the Secretary of Agriculture had some other brilliantly illuminating remarks to make.

Mr. President, when the $4,880,000,000 appropriation measure was before the Senate I offered a simple amendment which raised the amount which the President of the United States has the discretionary power, under an administration amendment, to expend for the purposes of administering the A. A. A. Act.

Under the joint resolution as it stood at the time I offered my amendment, and coming from administration quarters, the President of the United States had been authorized to expend not exceeding $100,000,000 to administer the Agricultural Adjustment Act and the Farm Credit Act. The amendment which I offered simply lifted the limitation so far as the amount was concerned, but left it entirely discretionary with the President whether he should use any money whatsoever for the purposes stated in the amendment, but confined him by way of limitation to the use of that money within 12 months next after the effective date of the act.

Mr. Wallace says that if that amendment shall become law, the farmers will "dip their hands into the United States Treasury."

I do not wish to be understood as making an assault upon the administration; but I do wish to be understood as saying that any member of the Cabinet of the President of the United States who can say that amendment is an invitation to the farmers to "dip their hands into the Treasury of the United States" demonstrates to my mind his unfitness for a place in the Cabinet, when the joint resolution provides one of the most monumental funds in history, through which every class and any class the President desires to admit can dip their hands into the Treasury of the United States. The statement is an irresponsible statement, Mr. President.

The article continues:

Asked what action the administration would take on demands * * * to remove the processing taxes on cotton—

Let me digress right now to say that I have never asked that the processing tax on cotton alone be removed. I have said that the time would come when we should be obliged to lift the processing tax on meat, on bread, and on clothing; but the Secretary of Agriculture says that if the present price of cotton continues, the processing tax is much more likely to be raised! He also says that the processing tax does not affect the consumption of cotton and is not responsible for the condition of cotton and all of its allied industries, the textile mills.

The processing tax may not be the sole cause of the trouble which cotton is now experiencing, and hardly any well-informed man would so assert. It may not be the sole cause of the difficulties of the textile mills, which today are almost prostrate upon their backs; but it is a factor, and an important factor.

The only fact I wish to cite in opposition to the Secretary's argument is simply this:

At the present price of 10½ cents a pound for cotton, the raw material out of which all cotton textiles are made—and I use the figure "10½" cents because it is very near the actual price of cotton yesterday, perhaps at this moment—the processing tax of 4.2 cents a pound, or $21 a bale, is a sales tax of exactly 40 percent upon the raw material; and yet that does not affect the consuming power. The wage, when measured in terms of its purchasing power, is not on the increase in the United States; and that does not affect the consumptive demand, the power to consume of the American public.

The processing tax bears heaviest upon American labor, but the Secretary of Agriculture does not know it. Seventy percent of cotton textiles are worn by the men and women who do the physical work of this country; and yet the Secretary of Agriculture thinks it is of no consequence that a way may be found to lift the processing tax upon one of the absolute necessities of life, a necessity felt, of course, most heavily by the men and women who work.

The Secretary goes further—and that is the remarkable feature of his statement—and says that if the present price of cotton continues, it is most likely that the tax will have to be raised.

I do not know how to answer that suggestion. Here is a man who is clothed with the power to raise, fix, manipulate taxes upon bread and meat and clothing, threatening to raise one of those taxes.

Mr. GORE. That is a revenue bill, which does not originate in the House.

Mr. GEORGE. No; it does not originate in the House. He is threatening to raise one of those taxes; and yet there are pending in this body, and in the body at the other end of the Capitol, amendments which propose to give to the Agricultural Administration, to the Secretary of Agriculture, the absolute power to strangle processors and force them and coerce them into compliance with his theory of economics and his theory of justice!

If I were ever inclined to extend the power given under the Agricultural Adjustment Act to those in charge of its administration, I should stop now, when, in the face of a prostrate industry—I am speaking of raw cotton—which, under the combined effect of recovery programs, has lost its foreign customers, has only one friend left, and that is the American cotton spinner, and when that spinner is prostrate upon his back, with mills closing in the East and in the South, with an enormous increase in the relief rolls in both sections of the country, with a daily increase in the relief rolls due to the lay-offs of men because the mills are compelled to close down, the official in charge of the administration of the act threatens to use the power which I am now convinced Congress ought never to have vested in the hands of any one man or group of men, the power of taxation on the very necessities of life, to raise yet higher the burdens of the workingmen of this country, who must use 70 percent of this product, and pay 70 percent of this tax.

Mr. President, if the Secretary of Agriculture had designedly and intentionally sought to drive down still further the price of cotton, he could have made no more effective statement. If he had sought to inflict yet heavier burdens upon the textile manufacturers in this country—the only important customers of cotton now left—he could have used no more effective language.

I have no hesitancy in saying that under the amendment which I offered it would be wise to lift the processing taxes on meat, on bread, on clothing directly from those products, and do it out of the funds carried by the relief joint resolution. It is the most genuine relief that can be given under that measure. It is exactly the equivalent of furnishing bread and meat and clothing to men and women and children who are hungry for bread and meat and who have been robbed of clothing.

Already the number of textile workers who have been thrown out of work because of the closing down of mills, East and South, is rapidly approaching 50,000; and that means that 200,000 people from this industry alone, which ordinarily employs from 450,000 to 500,000 workers, must go on the relief rolls. The direct benefit to the relief fund by retaining these laborers in their accustomed positions would more than lift the processing tax paid upon all the American cotton spun annually in the American mills. But the Secretary says that if the price of cotton remains at its present level it is more likely that the processing tax will be increased!

How would that help? How could that help? What is happening is that Mr. Wallace, under the Agricultural Adjustment Act, is paying benefits to the farmers. He is paying us to plough up our cotton and to kill off our hogs and to reduce our acreage and to reduce our production, but how is he doing it?

He is doing it by asking the American farmer to sell out his business, to sell out his capital investment. That is what he is doing. I closed out a part of my cotton business, and every other American farmer has done the same, and the hog raisers and the other producers of the country, in a measurable degree, have done likewise. Particularly such a statement is true with reference to any crop more than 50 percent of which, or always approximately 50 percent of which, must be sold in the foreign market. We have sold our farm business for a mess of pottage, or 1 or 2 or 3 years of benefit favors. We did it believing that we faced such an acute emergency, such an acute emergency by virtue of the accumulated surplus of cotton in this country, that it was worth taking any chance to get rid of it and to readjust and stabilize the industry. But when the industry and all of its allies find themselves in the position they actually occupy today, and the Secretary of Agriculture comes forward with a statement like this, not only is my faith shaken in the whole program, but my conviction is clear that it cannot succeed, that it must fail, that it has not in it the elements of success. The situation cannot be handled in that way.

With a 40-percent sales tax upon raw cotton, and a threat to increase it because, forsooth, the price has broken down; with earnest efforts upon the part of men from the South most respectfully directed to the Secretary of Agriculture himself to assist them; with an amendment adopted here which would give the President only the discretionary power to use some of the relief money for the purpose of lifting or even reducing the processing taxes on bread and on meat and on clothing, at a time when actual wages paid American workmen are on the decline, the Secretary answers the effort of the Congress to legislate by his open newspaper appeals, and by language such as that I have read into the RECORD.

Mr. President, I have known the Secretary of Agriculture personally since he came to Washington. I have tried to see his viewpoint. I do not wish to make the statement that he wants to drive the price of cotton down; I merely content myself with the statement that the language he has used is the most effective language he could employ for that purpose if he had such purpose as that. It will be so interpreted all over the South, all over the cotton-growing sections of this country, and if Secretary Wallace, or Mr. Tugwell, or anybody else in the Administration, believes that the American farmer is a fool, and that he wanted to submit to all of the restrictive measures which have been imposed upon him, they will have a sad awakening in the immediate future. The farmer did not want to do it. He did it because he was told it would benefit his price and when it does not benefit his price he will be through with the whole program which has been built up under the guidance and jurisdiction of these gentlemen who, I must presume, of course, are sympathetic with the present attitude of the Secretary of Agriculture.

Mr. President, I know that my remarks are not strictly germane to the point of order under consideration, and I crave the Senate's pardon for having injected this extraneous matter into the debate.

Mr. THOMAS of Oklahoma. Mr. President, this morning the Secretary of Agriculture made a statement which reacted upon the cotton market to the extent of a fall of something like a dollar a bale. The Government itself owns or has loans on several million bales of cotton, so the statement made by Mr. Wallace is alleged to have had the effect of decreasing the value of the Government's holdings of cotton to the extent of several million dollars.

The Government has a number of major departments. There is the Department of the Treasury, which Department is charged with the responsibility of enforcing the laws made by the Congress, collecting the revenue, preserving the revenue, and paying it out as may be ordered by the Congress.

There is the Department of Justice, which handles the legal business of the Government.

There is the Department of Labor, the Department charged with the responsibility of assisting the wage earners of the country to make their lot lighter, if that be possible.

Then, there is the Department of Agriculture, having jurisdiction of the large single domestic industry and the most numerous group in the country. The Department of Agriculture has jurisdiction of the farms and the farmers, embracing some six and a half million farms, and something like 30,000,000 residents upon such farms.

Mr. President, it has always occurred to me that the Secretary of Agriculture had under his special jurisdiction the assisting of the farmers of the country in their production, then assisting the farmers in the distribution of their commodities, and, with those two particular duties, the duty of trying to get for the farmers the highest possible prices for their products. Yet it has seemed, during the past 2 years, that every time farm-commodity prices started to rise the Secretary of Agriculture, or someone in his Department, has released a statement which has served to check the rise in the prices of commodities produced by the farmers.

I think I am divulging no confidence when I say that many farmers have the opinion that the Department of Agriculture does not want to see prices rise. I know of numerous farmers who have the conviction that the Department of Agriculture believes that 90 cents a bushel for wheat is sufficient, and that 10 cents a pound for cotton is all that the cotton farmer should secure.

Mr. President, the farmers cannot live and exist on 90-cent wheat and 10-cent cotton. With the present overhead structure of taxes, interest, and debts, the farm population cannot survive economically on 90-cent wheat and 10-cent cotton, and unless the farmers can have some benefit or some help from the Department of Agriculture along the line of getting higher prices, then they will not be very much inclined to go along further with the program of the Department of Agriculture.

A few days ago I sent telegrams to some prominent farmers and to farm officials, in an effort to ascertain at what prices wheat and cotton should sell in order to enable the producers of such commodities to pay their taxes, to pay their interest, to pay their debts, and have a surplus and some spending money on which to live. The telegrams went to the wheat section and the cotton section of the country. The replies I have received are to the effect that 15 cents a pound for cotton is the minimum. Most of the replies are to the effect that 20 cents a pound for cotton should be the amount the farmers receive for the cotton which they raise. From the wheat sections the replies indicate that $1.25 is the minimum, but the estimates range from $1.25 to $1.50 a bushel to the farmer.

The following is a copy of the inquiry I sent to farmers and farm representatives:

Considering debt structure of taxes, interest, and mortgages, what is lowest price at which wheat and cotton should sell for to enable Oklahoma farmers to meet obligations and continue to exist.

The following are some of the replies I have received:

OKLAHOMA CITY, OKLA., *March 26, 1935.*

Senator ELMER THOMAS,
Senate Office Building:

Oklahoma farmers should receive 15 cents for cotton and $1.25 per bushel for wheat to enable them to meet obligations and continue to exist.

HARRY B. CORDELL,
President State Board of Agriculture.

OKLAHOMA CITY, OKLA., *March 26, 1935.*

Hon. ELMER THOMAS,
United States Senator, Senate Office Building:

Re telegram, cost of production of wheat, $1.40 per bushel; cotton, 20 cents per pound; corn, 99 cents per bushel.

TOM W. CHEEK,
President Oklahoma Farmers Union.

ALVA, OKLA., *March 26, 1935.*

Senator ELMER THOMAS,
Senate Office Building:

Re telegram, considering drought years, insects, and high-priced farm machinery, wheat will cost on large farms $1.25 per bushel and on small farms 10 cents more. If relief workers get 40 cents per hour we must compete in wage.

C. H. HYDE.

ALVA, OKLA., *March 27, 1935.*

Senator ELMER THOMAS,
Senate Office Building:

Considering climatic conditions, uncertainty of price, heavy taxes, and the fact that approximately 50 percent wheat land mortgaged, and necessity for improved farm machinery, do not think wheat can be profitably raised for less than $1.25 per bushel and give the farmer any return.

J. B. DOOLIN.

Mr. President, I am thoroughly convinced that unless and until the cotton farmers of the South receive something like 20 cents a pound for their cotton there will be no prosperity in the South, and until the wheat farmers of the West and Northwest receive $1.25 to $1.50 a bushel cash to the farmers for their wheat there will be no prosperity in the wheat sections of the United States.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. May I ask the Senator what hope there may be that the farmer of the South will receive 20 cents a pound for his cotton under a program which has destroyed the foreign market by building up production in foreign countries?

Mr. THOMAS of Oklahoma. Mr. President, at a later time I shall take occasion to answer that question in detail; however, the question really answers itself. It is true that we have lost our foreign market, and seemingly everything we do results in loss of more and more of our foreign markets for both wheat and cotton.

Mr. President, my State of Oklahoma is a general farming State. In the southern part of Oklahoma the farmers raise cotton. In the central part they raise corn and alfalfa, and in the northern part they raise wheat. So Oklahoma is a wheat, corn, alfalfa, and cotton State.

The farmers of Oklahoma believe that they do not have the kind of a friend at the head of the Department of Agriculture they are entitled to have. They believe that Mr. Wallace takes practically every opportunity to keep the prices of their commodities down.

The farmers of Oklahoma have the conviction that the Department of Agriculture now has its heel upon their necks, and that the Department intends to keep its heel upon the necks of the farmers until such Department gets through the Congress legislation which will permit of regimentation and control of farm production and the farm population of the United States. Having this belief, they resent the practice and the policy of the Agricultural Department in releasing such statements as that given out today. Every time wheat begins to go up in price it seems that out comes a wheat statement which adversely affects the wheat market; and every time cotton starts to rise a few points here comes a statement from the Agricultural Department having the effect of not only checking the rise but causing an outright loss.

So far as my State is concerned, the farmers are not at all in accord with the practices, policies, and program of the Agricultural Department in keeping prices at the present low levels.

REGULATION OF PUBLIC-UTILITY HOLDING COMPANIES

Mr. WHEELER obtained the floor.

Mr. REYNOLDS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Byrd	Frazier	Lewis
Ashurst	Byrnes	George	Logan
Austin	Capper	Gerry	Lonergan
Bachman	Clark	Gibson	Long
Bankhead	Connally	Glass	McAdoo
Barbour	Coolidge	Gore	McCarran
Barkley	Copeland	Guffey	McGill
Bilbo	Costigan	Hale	McKellar
Black	Couzens	Harrison	Maloney
Bone	Cutting	Hastings	Metcalf
Borah	Dickinson	Hatch	Minton
Bulkley	Donahey	Hayden	Moore
Bulow	Duffy	King	Murphy
Burke	Fletcher	La Follette	Murray
Neely	Radcliffe	Smith	Tydings
Norbeck	Reynolds	Steiwer	Vandenberg
Norris	Robinson	Thomas, Okla.	Van Nuys
Nye	Russell	Thomas, Utah	Wagner
O'Mahoney	Schwellenbach	Townsend	Walsh
Pittman	Sheppard	Trammell	Wheeler
Pope	Shipstead	Truman	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. WHEELER. Mr. President, I propose now to discuss the holding-company bill which is known as the "Rayburn-Wheeler bill." My reason for discussing it at this time is that so much propaganda is being put out by the holding-company interests, banking interests, and power interests of the country, and others I thought it due to the Senate that an explanation of the bill be made even before hearings are begun.

I desire to call the attention of the Senate first to a few typical letters which are being sent out.

I have here a letter from Harrisburg, Pa., dated March 11, which reads:

DEAR SIR: Please find enclosed printed matter which is given to all employees of the Pennsylvania Power & Light Co.; also a card which they are asked to have signed by four voters.

They are also asking all employees to write a letter to each Congressman in the Senate and House of Representatives who are on the Committee on Interstate Commerce. This is a total of 50 letters each man must write. Then he must bring them all to the Pennsylvania Power & Light Co. office to be checked. These men resent this very much, but they know they had better do as asked or their jobs will be in danger. I mention this to you so that when you get a flood of letters you will know how and why you received them. I am 100 percent behind your Wheeler-Rayburn bill and sincerely hope you put it over.

For obvious reasons I shall not give the name of the writer of this letter.

Then we find various banking institutions, and likewise find the North American holding company, sending out circular letters to their stockholders saying that they are paying this dividend, but that they will not be able to pay another dividend in the event this bill shall pass.

The Senate Committee on Interstate Commerce will shortly begin hearings on the public-utility bill. The bill, which I introduced last month, has two parts or titles. Title I deals with public-utility holding companies. Title II deals with regulation of the interstate transmission of electricity. I am going to talk today only about Title I, the holding-company bill, because I do not have time to cover both titles, and because the holding-company bill is the special object of the attack on the President, which the utility interests are now carrying on all over the country. When I mention the bill today, therefore, I refer only to title I, the holding-company bill.

I know it is not the custom to debate a bill pending before a committee until it is reported out by the committee. But the organized effort of the utility interests to discredit the holding-company bill in advance of the hearing before my committee compels me to depart from custom. I think it only fair to congressional committees that they should carry on hearings on an important bill in an atmosphere where the country at large has some fair idea of the truth of what the bill under discussion actually proposes as distinguished from what a high-paid, high-powered publicity campaign has done its worst to make the public think the bill proposes.

The very character of the campaign against this bill convinces me that, even after the sobering effects of a great depression, the managers of many holding companies are wholly unconscious of the responsibilities of trusteeship, which alone could justify the continuance of holding-company control of the great operating industry. The exaggerated statements about this bill which have been widely circulated by the canned propaganda of the opposition reflect upon the public spirit of the members of my committee if they are not deliberately intended to mislead the public. I might say that in one day last week I received over 3,000 letters entirely upon this subject, protesting in the name of widows and orphans and employees and other people. There is not a member of that committee who would even consider the bill if he thought it involved even a small part of the

terrors which people write in to us to say they have been told are the certain consequences of the passage of the bill.

The right of the American citizen to petition Congress for the redress of grievances is fundamental. But there is a common-sense difference between the right of fair petition and a high-powered selling campaign of canned propaganda which makes power-company employees obtain signatures to form letters at the risk of their jobs, and which represents as facts highly debatable matters of opinion. There is also a difference between protest against a measure reported out of a congressional committee for action by Congress and attempt to pile up political pressures before a committee has ever begun to consider a bill. Wherever is the line between fair petition and unfair propaganda, there is no doubt that in this case the holding companies have crossed it.

I therefore consider it my duty as a sponsor of this bill to caution the country, particularly the investing public, against the methods of those who are exciting unreasonable fears about this bill. I ask investors to consider calmly whether such prophecies of disaster for security holders should be given any more belief than the promises of unlimited profit with which the financier and holding-company manager induced investors to purchase holding-company securities in those happy days when "new era" finance was free from new-deal restraint.

Furthermore, I consider it only fair play on the part of those who pretend to advise the public to make full disclosure of their own interests in the matter. I want to read to the Senate, for instance, from a circular issued by what I am told is a very old and reputable banking institution in New York:

To Our Trust and Custodian Customers:

Normally we would refrain from making any comment upon political developments. We are now faced with a situation, however, in which we feel compelled by a sense of duty to our customers to give some positive expression to our convictions.

We refer to the bill pending before Congress known generally as the "holding-company bill." This bill is designed to eliminate entirely utility holding companies, with no differentiation between the good and the bad, or between those that are economically justified and those which have abused their powers.

I shall point out, as I proceed, how this is clearly a misrepresentation of the purposes of the bill itself and of the language used in the bill.

This bill jeopardizes millions of dollars' worth of honest investments in the utility industry. Moreover, this type of legislation, unless checked, is likely to spread to other fields of enterprise with disastrous results.

Over a great many years we have, as trustee, executor, etc., been intrusted with the task of investing funds for a large number of customers. We are, therefore, keenly aware of the implications of the legislation referred to, and we have come to the conclusion that it is urgently necessary for the investors of this country to make themselves heard in matters which affect their interests so vitally. We think that you will agree with us as to the importance of this matter. If you do, we strongly advise you to write to your Representatives and Senators. In doing so it is not essential for you to go into the matter in detail. For your information, the subject is covered rather fully by Mr. David Lawrence in the United States News of February 11, a reprint of which is enclosed herewith. In writing your Congressmen you might refer to Mr. Lawrence's summary and state as strongly as you care to your agreement with the views expressed therein. You might also point out that the effect of this bill will be to reduce the purchasing power of the hundreds of thousands of individuals holding utility securities—a result opposite to the expressed aims of the new deal.

We desire to emphasize that this letter is not being sent out in a partisan spirit nor with any object of opposing any political faction. The substantial citizens of the country, however, must realize that the depression has created a demand for radical legislation on the part of many who do not foresee the evil consequences of the measures they advocate. The best defense against such unsound legislation is to bring vigorous and concerted pressure of a constructive nature upon your Congressmen.

P. S.—For your convenience, we enclose a list of the Senators and Representatives from the States of New York, New Jersey, and Connecticut.

That is the New York bankers sidling into this fight. Neither that circular nor particularly the partisan editorial of Mr. David Lawrence it circulates is a fair statement of the bill I introduced. The circular states that it is not the normal habit of this banking institution to comment upon political developments. I suppose that is why my attention has been drawn to no particular protests of that institution against the reckless and unsound financial policies of the utility holding companies which have made necessary the bill I am proposing. Then why does this banking institution feel that it must change its habits to attack this particular bill?

I am not intolerant of honest difference of opinion. I understand that an important piece of legislation may be received with honest enthusiasm by some and viewed with equally honest abhorence by others. I have deep respect for fighting faiths with which I profoundly disagree. But I am concerned and suspicious when I find among the board of directors of that banking institution (1) a member of the board of directors of Electric Bond & Share; (2) a member of the board of directors of the North American Co., who is also a member of a law firm who are counsel for more than one of the large utility holding interests; (3) a member of another eminent Wall Street law firm who are counsel to banking interests associated with United Corporation.

Can that interlocked banking institution's honest advice to the public be regarded as wholly disinterested, inspired solely by a fair and impartial study of the bill? Can investors uncritically accept the judgment of such interlocking groups in matters which vitally affect the control of those groups over private empires which rival in power government itself? Does not the very interlocking of management between that banking institution, and similar institutions, and the great utility holding companies which control so large a part of the country's operating utility properties prove that danger to our democratic institutions of the unwarranted concentration of economic power which was the most important point in the President's message?

I have in my possession here a letter written by a citizen of Kansas in which the writer says:

I am employee of the Empire Refining Co., and all employees have had their attention called to the Rayburn-Wheeler public-utility bill and have been requested to protest the bill as detrimental to our best interests, but I cannot conscientiously do so, as I realize that holding companies are getting so strong and are using that strength to corrupt public officials wherever possible. Not only that, but a weaker concern or an individual that dares to oppose them will have the very life crushed out of them, or him, by their organized power.

A public officeholder in their (the utilities') stronghold that opposes them, whether in a righteous cause or not, is done for, and they are stronger and more bolder. So what will it be in a short time? I am a small stockholder in the Cities Service Co., but I am willing to sacrifice all, and more too, in the cause of my country and the betterment of the coming generation if it is necessary to do so.

That is a sample of numerous letters that are coming to the committee from people whom the holding companies have tried to browbeat into writing letters. In one letter the writer says she was taken out and given a dinner in New Jersey and told with the other employees that they must write to their Senators from New Jersey. She said:

I have written them but my conscience hurts me so much that I had to sit down and write you a letter. Having done what I was requested to do for the price of a meal, now I am writing to you to ease my conscience and to tell you what I really think about it.

Even if the super-utility interests were crystal-pure, may it not be that the political opposition of which they complain is due not to the venality of politics, but to the ingrained hostility of the American spirit to the unwarranted concentration of economic power and the dangers to American institutions which inhere in that power, even though on a particular occasion that power is exercised for good, not evil?

The fact that the utility companies are able in this crisis to go out and appeal in the name of widows and orphans and have them pour thousands upon thousands of letters upon their Representatives and Senators seems to me the very best evidence that something must be done to break the power of these utility companies to threaten Senators and Representatives, or else this very Government of ours and the foundations upon which it rests are themselves going to be destroyed.

In 1932, 13 large holding groups controlled three-fourths of the entirely privately owned electric utility industry, with control of more than 40 percent of that industry concen-

trated in the hands of the three largest groups, United Corporation, Electric Bond & Share Co., and Insull. The present state of electric-utility science and mechanics requires no such concentration of control; the electric-utility industry is essentially a local or regional industry. A sound distribution of economic power, economic responsibility, and economic opportunity between localities and between individuals absolutely requires a breaking down of that concentration. The ultimate thoughtful reaction of Congress to this propaganda storm must be a new realization of the sheer political necessity of cutting down the disquieting power of any group of interlocked interests in this country big enough to create such a storm to order.

The holding-company sympathizers have made no effort to justify those companies as a part of any democratic system of economy, nor have they even denied their very grave abuses. Each favors a vague kind of "fair regulation" which will not materially affect his own particular company. Their fundamental tactics have been to hide behind the skirts of their investors, their indispensable widows and orphans, their victims, and say, "No matter how bad we have been, no matter how dangerous we are, you must not touch us, because no matter how we may have misled them into doing so, a great proportion of the solid people of this country have invested in our securities. Therefore, you must leave us alone, because if you hurt or eliminate us, you will hurt those investors, and if you Congressmen hurt those investors, they will hurt you."

Now I do not want to hurt, much less confiscate, anyone's savings. But the utility holding companies—and I am speaking now of holding companies, not of producing operating companies—have not, by and large, protected the savings of the people. The utility holding companies have lost, irreparably lost, hundreds of millions of dollars of hard-earned savings. That condition exists today, bill or no bill. That irreparable loss we cannot restore, bill or no bill. We can only try our best to salvage what remains. That is just what this utility holding company bill is designed to do.

The place to begin considering what the effect of this bill will be on owners of holding-company securities is to determinate what kind of investment those owners have today. Not without exception, but by and large, they have a bad investment in a bad business. By and large, they have an investment not in the regulated operating utility business but in an unregulated adventure in high finance—the kind of adventure in which the public always loses.

The holding companies have led many of their investors to believe that there was substantially no difference between a holding-company security and an operating-company security; that their money went through the holding companies into the operating utility industry to build a bigger and better operating industry. Some of their money did. More of it did not. Far too much of the holding-company investor's money was used to purchase at fantastic prices, from corporate insiders and others, utility properties already built.

The difference between the holding company and the operating company from the point of view of the investor has been stated bluntly and clearly by Samuel Ferguson, president of the Hartford Electric Light Co., of Hartford, Conn., in an article in the Electric World for January 21, 1933, entitled "Public Putting Blame Where It Belongs." Mr. Ferguson, reputedly among the very best operating utility managers, has made Hartford's system a model unsupported by any of that superholding company assistance without which, the House committee was told the other day by holding company managers, operating utilities cannot function. I understand that Mr. Ferguson, too, has recently come out with the rest of his utility brethren against the bill. He has found that some of the regulatory provisions affect him, and it has been my experience that every utility man favors regulation—except that regulation which touches his particular plant. But this is what Mr. Ferguson wrote in 1933:

> The most striking feature pertaining to the public-utility industry during the past year has been the terribly expensive lesson which has taught the public to understand that a holding company is something very different from a public-utility company.
>
> Heretofore in the public mind the two have been practically synonymous, and as a consequence the sins of speculation, wild finance, and get-rich-quick schemes, to which abuses the holding company set-up has lent itself all too readily, had been attributed to the operating utility which renders the daily service. Today criticism is to a large extent being directed more nearly toward the perpetrators of abuses and the operating utility is being judged as it should be, upon its specific local performance.
>
> It was obvious even in boom times that those speculators who bought operating utilities at prices far above any figure on which a legitimate, reasonable return could be earned were interested more in the sale of the resultant holding-company securities than they were in the real, though often exaggerated, economies that could be effected, and that thus the promotion was designed to unload inflated holding-company securities upon unwary investors who in their innocence thought that they were purchasing securities of public-utility companies.
>
> The results of such abuses as have been perpetrated by certain speculative holding companies have been and will continue to be far worse for the investing public than for the consuming public, since the latter is protected from abuses by the regulatory control of the States over the operating companies, which control is exercised by public utility commissions.
>
> For years I have anticipated the results of the past few years, namely, that the public would visit the sins of the speculative holding company upon the head of the operating utility. But it is very heartening to see clear evidence on all sides that the public is now beginning to differentiate intelligently, and to lay blame where it properly belongs, instead of indiscriminately, though it is very sad that the knowledge had to be acquired at so great expense and sorrow to a great multitude of investors.

An up-to-the-minute revelation of how the funds supplied by investors in holding-company securities do not get into the operating business was given in startling testimony offered only 2 weeks ago before a New York State legislative committee investigating public utilities. The whole story was featured by the New York Times on its front page of Friday, March 15, and deserves a careful reading by those who have any doubt as to what kind of a business this holding-company business is. The committee revealed that promoters had made a security juggling profit of $34,000,000 in 1 year, with practically no investment of their own, by selling $100,000,000 of holding-company securities to the public. The accountant for the committee testified right to the point I am making. He said:

> The cash supplied by the public was not put into plant property and equipment of underling companies except by way of such managerial efficiencies as may have brought about improvements in the earnings of those companies; in other words, it did not go into poles and generating plants and new construction. It was used to purchase stocks of holding companies.

Out of $100,000,000 they took $34,000,000!

It is interesting that of the many issues of securities involved in this complicated transaction only two are now paying interest or dividends. One of the assemblymen hearing the testimony, read into the record Will Rogers' definition of holding companies:

> A holding company is a thing where you hand an accomplice the goods while the policeman searches you.

Two days later the Legislature of Massachusetts ordered a legislative investigation of utility holding companies in that State.

If anyone charges that that illustration is not typical of the holding-company business, look at the operations of United Corporation, perhaps the greatest of the super-utility holding companies, sponsored by the Morgans—reported to be the most conservative and responsible banking interests in the country. In cash and in securities, the investing public has paid hundreds of millions of dollars into United Corporation. What has United Corporation done with those hundreds of millions? Has it built any operating-utility properties? Not that I am aware of. Has it effected any operating economies in existing operating properties? Not that I am aware of. All it has done, so far as I know, has been to purchase utility stocks which represented plants already built so far as they represented tangible assets at all. A substantial part of these stocks were purchased in 1929, when the corporation was organized, from J. P. Morgan & Co., Drexel & Co., and Bonbright & Co., who had accumulated them over several years at lower prices. But after the United Corporation's securities were distributed to the public, and the public had

paid its millions for them, the same banking interests remained in practical control of United Corporation, and through United Corporation were in a position to exercise a greater influence than ever over the companies whose stocks they had sold to United Corporation.

One phase of this United Corporation transaction is covered in the report of the Senate Committee on Banking Practices. This great superholding company, which the bankers organized to take over their utility holdings with funds supplied in large part by the public, gave perpetual option warrants to the organizers to subscribe at any time, at a set price, to the holding-company stock. The organizers paid a dollar apiece for these options. A short time thereafter these options were selling in the market for an average price of $45. That part of these options were given to J. P. Morgan & Co. alone put that firm in a position, in the summer of 1929, to make a profit of $68,000,000 on an investment of one and three-quarters millions, in a form of security—the negotiable and perpetual-option warrant—which has no business justification, and is a product only of the charter-mongering activities of those States which vie with one another in the laxity of their corporate laws. The Morgan firm in fact sold only 200,000 of its option warrants in the summer of 1929, but on these alone it realized a profit in excess of $8,000,000.

An even clearer indication to the holders of holding-company securities of the high finance in which they have invested has been given by revelations of the holding companies' almost general use of the "write-up." By "write-ups" properties were marked up on the books of companies to justify the prices holding companies paid for those properties, in an effort to justify in turn the prices at which the holding company sold its securities, or the valuations upon which it fixed rates for the operating companies. The Federal Trade Commission's investigation of 91 operating companies in holding-company control having combined capital assets of nearly $3,307,000,000 revealed write-ups and other improperly capitalized items amounting to not less than $842,995,000. In other words, the value of capital assets, based on cost as nearly as could be ascertained, has been written up 34.2 percent. The fixed assets alone of these companies had been written up 22.6 percent. The fixed assets of 42 subholding companies had been written up 19.1 percent, and the fixed assets of 18 top or apex holding companies had been written up 9.6 percent.

These write-ups have in many cases been the basis of the issuance of securities to the public, thus watering the capital structures of both operating and holding companies, and eventually bringing down the wrath of the consumer on the operating companies because of the rate policies such watering compelled the companies to follow. The utility interests argue that the water has had no effect on the rates to the consumer; but practical results do not support the theory that write-ups do not affect utility rates. As Judge Healy, of the Securities and Exchange Commission, pointed out in his testimony before the Committee on Interstate and Foreign Commerce of the House, the management of the overcapitalized holding company has only one source of revenue to avoid default on its securities or disappointment to its investors, and that source of revenue is the income of the operating companies it controls.

The accountant in the New York investigation whose testimony I quoted a moment ago testified directly to this point in the proceedings reported by the New York Times:

> It would seem that the higher the price paid for control of a holding company, the greater is the need of the latest owner to avoid rate reductions by the underlying operating companies, in order that a profit may be earned on investment in the stock-holding company.
>
> I know a lot of people do not agree with me about that, but I think it is a very pertinent point, because if I pay $50,000,000 more for a certain property than the previous owner did and thereby obtain control of underlying operating companies, it seems to me that if I figure a return of 6 percent on $50,000,000, I have got to get $3,000,000 more a year out of my investment than he did, and my only source of income is going to be the same underlying companies that he had, and I have got to either effect economies or I have got to do something to try to get that required additional return.
>
> So if somebody should ask me, for example, to agree to rate reductions, I think it is only human nature that, consciously or unconsciously, there is a tendency to oppose them because of the necessity for getting a return on this additional investment.

Judge Healy explained before the House committee how, for instance, the Florida Power & Light Co., a member of the Electric Bond & Share system, was formed in 1925 by the consolidation of a number of operating properties in Florida, and how at that time the total book value of its fixed assets was written up approximately 126 percent, or $35,807,799.32 above the then book value of $28,213,209.01. It may be more than a coincidence that the rates for service in the territory served by this company are the highest in the United States for residential service in cities of 100,000 population and over. The report by the Federal Power Commission on its Electric Rate Survey shows that the price paid by a residential customer in Miami, Fla., is $4.18 for 40 kilowatt-hours per month, while the price paid by a consumer of Mr. Ferguson's Hartford (Conn.) Electric Light Co. for the same quantity of electric energy is $2.20.

In the New York Times of March 8 appears a statement of John E. Mack, counsel to the New York State legislative committee, to which I have just referred, to the effect that the write-up on the books of the New York State Electric & Gas Corporation—an Associated Gas & Electric subsidiary—not only figured in the temporary rates fixed by the public service commission, but is still in the rate base, and is costing the consumers over $200,000 per year. This finds corroboration in the report of the Federal Trade Commission, which shows that in the years from 1924 through 1929, $10,913,123.95 was placed on the books of New York State Electric & Gas Corporation as appreciation or write-up.

Even if a regulatory commission can withstand the variety of pressures brought upon it to allow the overcapitalization to be sustained by higher rates, the management may still be able, and will certainly be under pressure, to avoid decreases in rates which would otherwise be compelled, or to reduce the standard of service given the consumer by the operating companies.

Let me quote again from Mr. Ferguson of the Hartford Electric Light Co., writing in 1926, to confirm this point:

> In defense of the practice of purchasing operating companies at several times the face value of their existing capitalization, and consolidating them into a new company on the basis of the purchase price, it has been urged that the customer cannot be affected by the number of pieces of paper issued by the new company, since he is protected by the limitation of earnings to a fair return on the value of the property. Theoretically, this is so; but practically he does not have a full protection from injury unless injury is defined as limited to the rates charged. The injury from inadequate service and the inability of a company to care for the growth of a community is quite as real, and often much more serious; and yet this must be the result in the case of an overcapitalized company, which, through its limitations to a reasonable return on the property value, has earnings insufficient to maintain its credit.
>
> The public has an interest in the extent of the capitalization of our companies; and if our liberty of action in this respect is abused, as it is today being abused in some cases, there will be an eventual day of reckoning, and when that day comes it may not be possible to separate the sheep from the goats.

Yet people, even Senators, have said to me that it does not make any difference what the capital write-up is; that it does not affect rates, because rates will be regulated by the public utilities commission! This, however, is not some theorist speaking. This is not some Senator or politician speaking. This is the president of the Hartford Electric Light Co. pointing out that a write-up of the capital structure not only affects the rate structure but the customers, the community, the company itself; and, indeed, the public generally are affected if there is a write-up and an overcapitalization of the company.

I quote further from Mr. Ferguson:

> When a company is sold for many millions of dollars more than has apparently been paid into the treasury for the purpose of providing facilities for service, we must realize that the public is bound to sit up and take notice. What the public sees is that only a comparatively small fraction of the purchase price is represented by what the company received for the stock at the time of issue, and that the new owners must of necessity earn a return on the whole of the price paid. Therefore, regardless of the soundness of the reasons which may justify the transaction, it is only natural to expect that the public will insist on being convinced

that its interests are fully safeguarded, and apparently it does not today feel at all sure that such is the case. It is, indeed, a very curious situation which exists at the present time, in that the stocks of our operating companies are of so great real value to the holders, due to the future equities contained in the same, that they should not be parted with except for a price so high as to make the recapitalization of that price a potential cause for future antagonism.

Last year the Tennessee Valley Authority ran squarely into an arbitrary write-up by Electric Bond & Share of the properties of the Tennessee Public Service Co. with what may be ultimately costly consequences to the holders of the senior securities of the Tennessee Co. That company owns properties in and around Knoxville, Tenn. On November 1, 1930, that company, under the management of Electric Bond & Share, wrote up its capital accounts $4,388,157, or over 33⅓ percent. The depression was already well under way. It is difficult to justify the write-up on even the most fatuous theory of fair value or cost of reproduction. With earlier items, this transaction brought the company's total write-up to more than $5,000,000, the stated amount of the common stock. In the 4 depression years, 1930–33, without any real investment in the properties, the intermediate holding company in the Electric Bond & Share system which actually held this common stock took $846,000 out of the company in dividends upon that common stock.

Last year Tennessee Valley Authority offered to purchase the properties of the Tennessee Public Service Co. at approximately the valuation put upon them by the Tennessee Commission, a valuation which did not include these write-ups. The charge from some sources was made that the proposed deal was confiscatory because the common-stock holders were to receive nothing for stock for which they paid nothing and which represented pure water. In view of threatened litigation by a minority of preferred-stock holders the Tennessee Valley Authority withdrew its offer and the city of Knoxville now contemplates building a municipal plant of its own. If the holders of the senior securities of the Tennessee Public Service fare badly as a result, the root of the trouble, in my judgment, may be traced to these arbitrary and unwarranted write-ups by which the holders of senior securities themselves had not profited a penny.

No business can last unless the sources of its revenues are legitimate and economic. As Carlyle once said, "A lie cannot live forever." The revenue the holding companies have derived from the kind of security and valuation juggling I have just described is not sound and cannot last and the holding managers know it.

Another chief source of holding-company revenue in the past has been service fees from subsidiaries—for construction, financing, auditing, tax assistance, and so forth. Let us look at that business to judge how sound is that source of revenue. Cities Service Co. nicely illustrates the business of making profits out of construction for subsidiaries. Cities Service Co. maintained a Lakeside Construction Co. purely as a dummy paper organization, through which it passed contracts in carrying out construction jobs for its subsidiaries. Lakeside Co. had no staff of its own. When it was given a contract, it contracted in turn with Cities Service to do the actual construction and supply engineers, architects, and other experts.

In 1923 Cities Service undertook, through Lakeside Construction Co., to construct a plant at Valmont, Colo., for one of Cities Service subsidiaries, the Public Service Co. of Colorado, operating in Denver. The cost of construction, as computed on the books of Lakeside Construction Co., was slightly less than four and one-half million dollars. That figure included the salaries of Cities Service experts on the job and special contractors' and engineering fees paid by Cities Service Co. For this job Public Service Co. of Colorado, the operating company, paid Lakeside Construction Co., the dummy construction company, over $10,000,000 par value in securities of Public Service Co. Furthermore, that $10,000,000 in securities was paid in advance of construction, and during the period of construction the subsidiary paid that dummy construction company dividends and interest on those securities amounting to almost three-quarters of a million dollars. The operating subsidiary, therefore, paid almost $11,000,000 for the construction of a plant, the cost of which was less than four and one-half million dollars as the holding company computed its own records. The securities which the operating subsidiary gave the dummy construction company were transferred immediately, without even notation upon the books of the construction company, to the Cities Service Co., the top holding company. When the Cities Service Co. received these securities, it kept out of them for purposes of control the common stock of two and one-half million dollars par value, and then sold the bonds and debentures to the public for almost six and three-quarters million dollars cash. The actual construction, you will remember, had cost, according to the Cities Service books, less than four and one-half millions. So that at the end of the transaction the Cities Service Co. had a cash profit of over $2,000,000 in addition to the two and one-half million dollars par value of common stock of the operating subsidiary which it retained, and in addition to its contractors' and other fees.

This is the kind of transaction which earned the Cities Service dividends. It was referred to a few days ago by Judge Healy in his testimony before the House Committee, and it is reported in detail in chapter V of the Federal Trade Commission's report to the Senate on the utility investigation.

The reports of the Federal Trade Commission are full of illustrations of service contracts abuses. I will mention only one more type, but I feel that one is particularly important because of the talk in the hearings of the House Committee about the kind of superalert financial management the holding companies give small operating companies which cannot afford to employ smart managers for themselves.

Until last year, our income-tax law permitted corporations which were part of a holding-company group to file a consolidated return for the whole group. In that way one company's profits might be offset by another's losses and considerable taxes could be saved perfectly legitimately under the law. The holding company offered its subsidiaries a tax or a general fiscal agent service—it audited books for member companies and prepared their returns.

The holding company figured the tax for each subsidiary on the basis of operations of that subsidiary and then collected the amount of the tax as computed. After doing this for its operating companies, the holding company made a consolidated return to the Bureau of Internal Revenue for the entire system, canceling losses against profits—a perfectly proper and legal procedure, because the Congress of the United States permitted it to be done. But did the holding company then return the amounts collected as taxes to its utilities which the holding company did not have to pay to the Government? Did it pay interest on that money? Often those funds were simply kept by the holding company as income and neither the principal nor interest ever saw its way back to the companies entitled to them. Associated Gas & Electric Co. and Cities Service Co. in this manner collected as taxes from their subsidiaries approximately $3,000,000 and $10,000,000, respectively, which Associated Gas and Cities Service, respectively, did not have to pay to the Government. And those alleged "taxes" came out of the pockets of investors in securities of operating utilities and customers of those utilities who were paying a tribute to holding companies for supermanagement of their financial affairs. And again was this practice confined to holding companies of a particular degree of so-called "respectability"? Hardly. In this way, North American Co. over a period of a few years got and kept for itself, under the pretext that it was collecting taxes for the Government, $1,274,915.97; and New England Gas & Electric Association in the same period got and kept $514,602.99.

As I read the reports of various Government bodies and investigators, the examples of profit-making out of gross abuse of the control which public-utility holding companies exercised are so numerous, so varied, and so wide-spread that it is an impossible task to select a few examples which could tell the whole story.

I am not reciting these sins of the holding companies as moral sins—to incite wrath because of past wrongs. I am citing them as economic sins—as unsound scalping operations by which holding companies had to try to earn interest on their bonds and dividends on their stocks—as a revelation of the fundamentally insecure and unsound kind of business this holding-company business is. That revelation has a real relationship to the present position of the investor who holds holding-company securities today, and the investor's present position has to be appraised before the effect of this bill on that position can be discussed.

An investor in a type of company that originated in the kind of stock jobbing I have described or in a company that has had to make its living by the kind of milking of operating companies and the public I have described—an investor in that kind of company has already been plucked—legislation or no legislation. Even the representatives of holding companies who have appeared before the House committee in opposition to the bill admit that this security jobbing and this subsidiary milking have got to end. And if these sources of income have got to end, the holding companies will have to go through an extensive period of reorganization whether the Government compels that reorganization or not. Holding-company managers are keeping the support of the investors—I should say their victims—whose help they need to bring pressure on Congress to save the jobs of those managers, by carefully keeping alive the illusory hope that if the Government can only be held off from its program of requiring an intelligent reorganization of the utility industry, the stock-market quotations of all the holding-company securities held by investors will, within the next few years, come back to what those investors paid for them and everything will be fine. But that is an illusory hope. Everything cannot be fine.

Whether the holding companies in the aggregate may at one time have contributed much to the standardization and development of a once infant industry is now beside the point. The operating industry is now grown up and, except where the holding company serves a necessary function in relation to a geographically and economically integrated system of operating companies, the holding company has no sound economic basis. Like all other things uneconomic, therefore, it will eventually get into trouble. We are heading for a period of reorganization in the utilities comparable to that which we have periodically gone through with the railroads. Only an immediate constructive reorganization of the holding structures will avert aggravated casualties in the not distant future. If we are wise, we will profit by our mistakes in the railroad field, where a first inadequate reorganization only too frequently sowed the seeds that made necessary subsequent reorganizations at the further expense of the investor.

The Government did not do anything to make Insull crash. The Government did not do anything to make Foshay crash. The Government did not do anything to bring about the proceedings by which security holders are now trying to force Associated Gas & Electric Co. into bankruptcy. On the average, the present market prices of the securities of even the supposed best holding companies reflect a drop far greater in proportion than the drop in almost any other class of security.

If the Government today should wipe out every single holding company, the investors would not lose nearly so much as they have already lost through investing in the uneconomic holding companies and stock-jobbing propositions which have been in operation.

The stocks of many of these companies had dropped before this bill was introduced to about one-tenth of the low point they reached in 1929, immediately after the crash. Most of them had been selling last year at not more than one-twentieth of their 1929 high. Electric Bond & Share, United Corporation, and United Light & Power are selling at one-fortieth to one-hundredth of their 1929 highs. The Government is not responsible for these losses. That responsibility lies on the heads of the holding-company managers and their bankers, who sold the public the pot of gold at the end of the rainbow.

Even where the holding company is in no danger of insolvency those holding-company managers who read the signs of the times know that, irrespective of legislation, public opinion and economic pressures will force reorganizations where the holding company's corporate structure is complicated and confused, where there is a lack of any geographic and economic relation among the controlled operating properties, and where a disproportionately small investment at the top controls tremendous capital investments of other people's money.

And to show you that all this is not what holding-company propagandists may call " only a Senator's wishful economics ", I quote you a few paragraphs from Babson's Bulletin No. F–561, dated December 3, 1934, and entitled " Outlook for Utilities ":

Doom of " superholding " set-ups: Superholding companies are doomed. The simple holding company, *which combines several operating companies in one State* (italics mine), has an economic function, but the superholding company has no economic function as we see it, and hence is not attractive at this time. Bankers will say that these superholding companies do no harm and do not milk the public, however questionable the capitalization may be. Where the utility rates are based on money actually invested it, of course, makes little difference what the capitalization of an operating company is—there is only so much to divide. The Government and State authorities are, however, justified in dissolving either superholding companies or else one or more of the intermediate holding companies so that the present superholding company can become a simple holding company directly owning the stocks of the operating companies.

Certain holding companies economic: The reason for this is that a few people with a little money in the superholding company can control the destinies of hundreds of thousands of people who have their honest savings in operating companies or first-line holding companies. We therefore believe that certain efforts now being made in Washington to rectify this situation are in the interests of our clients. As we foretold and fought for, against keen Wall Street pressure, the regulation of the New York Stock Exchange, so we shall fight for the simplification of the present holding-company set-ups.

Summary and conclusion: What does all the foregoing mean to Babson clients?

(1) It means that the most important factor to study is the appraisal, that is, the actual money invested in the property. In the end, rates and taxes will be based upon this, irrespective of competition, market price, or political pressure, after the Commissions determine the rate of interest to be allowed on the actual money invested. This later is now the great unknown factor.

(2) It means that we should confine our public-utility investments to forward-looking men who will cooperate with the Federal and State Governments and not try to block them at every turn. This means that we should invest in utilities where the management is primarily interested in the investor rather than in holding their own salaried jobs.

I will come back to the protection of the present investor in holding-company securities. But I want to talk for a moment about the effect of the holding-company bill on operating companies and the securities of operating companies.

All propaganda to the contrary, the holding-company bill helps, not hurts, the operating utility industry. I shall challenge any Senator to show why the holding-company bill will hurt the operating company. On the contrary, it will help the operating company.

Despite its ever-deepening troubles with the public in the last few years, the operating utility is a great industry with a great future. Its growth has been only momentarily slowed down by the great depression. Power consumption is already virtually back at the 1929 peak and should grow by leaps and bounds with a further return of general business recovery. The operating-utility industry has none of the problems of a competitive substitute like the trucks and busses that have made things so difficult for the railroads. Its present difficulties within itself and with the public are not inherent in its own operations. They arise out of the system of absentee financial control in the form of the holding company which has been superimposed upon those operations. Remember, as I pointed out earlier, in 1932, 13 large holding groups controlled three-fourths of the entire privately owned electric-utility industry.

The interests of the great proportion of American investors lie with this operating industry, not with the holding companies. The holding-company managers and their bankers are trying to make the American investor believe that his only interest in the utility industry is his interest in the utility-holding company. This may be true in the case of particular investors, but it is far from being true as to the largest part of the stake of the American investor in the industry.

According to the news releases of the American Liberty League, the outstanding securities of utility-holding companies aggregate $2,000,000,000 as against $10,000,000,000 of operating-company securities in the hands of the public. That is, based on the figures of opponents of this bill, for every dollar of investor's money that has gone into the utility industry through the holding company, there are $5 of investors' money invested directly in operating companies. That means for the most part in the bonds and preferred stocks of operating companies. The common stocks are generally held by holding companies as a means of control. But suppose we err on the conservative side and assume that for every dollar of investors' money that has gone into the utility industry through the holding company there are only $3 of investors' money invested directly in operating companies, and suppose we assume for the purpose of argument that the bill will adversely affect holding-company obligations, the undeniable fact remains that by far the greatest interest of utility investors lies in their direct investments in the securities of operating companies, which will in no way be hurt by this measure and which will be greatly improved by the removal of the tribute and encumbrance of holding-company control.

Now, the bill does not eliminate any operating-utility company or regulate it in any of its operating functions. I am speaking now of section 1 of the holding-company bill against which the great hue and cry have been raised. It deprives no operating company of any property or facility necessary to the running of its business. It does not confiscate or destroy a single penny that has gone into the actual operating industry. The attempt to confuse the issue of holding-company control with that of investment in the operating industry is wholly unfair and misleading. It is the same in kind as the attempt made during boom days to confuse the investor and make him believe that in investing in the holding company he was actually investing in the utility industry. Where the investor was misled by that attempt he suffered, in most instances, heavy loss. If the similar attempt by holding-company managers succeeds today, the investor will be further hurt, and the way will remain open for a repetition of this unfortunate process of "taking in" an operating-minded public in holding-company finance. It is to end that unhealthy and dangerous kind of corporate practice forever that the bill is designed.

The bill reaches only those companies which control operating companies. The few operating companies which are also holding companies can in almost all instances either easily merge with those other operating units or qualify for exemption from the elimination section of the bill as holding companies serving a necessary function in relationship to a geographically and economically related system of operating companies.

Mr. TYDINGS. Mr. President, does the Senator care to be interrupted, or would he prefer that interruptions come later?

Mr. WHEELER. I would rather wait; but if the Senator desires to interrupt me, I will yield.

Mr. TYDINGS. I have to leave the Chamber while the Senator is speaking.

As I understand section 1, title 1, of the bill, it breaks down utility operations into three general categories: First, investment, then what might be called management, and third, what might be called operation. Is that correct?

Mr. WHEELER. That is correct.

Mr. TYDINGS. All the bill would do in curtailing investments would be to break up one or two big holding companies into a number of smaller ones. Is that correct?

Mr. WHEELER. That is the purpose of the bill.

Mr. TYDINGS. That is the general idea, instead of having one big company, to make each company responsible to its particular community?

Mr. WHEELER. To make the operating company responsible to its particular community.

Mr. TYDINGS. The engineering phases of the operation, namely, management, appraisement, and so forth, would be divorced, so that no investment holding company could dominate the appraisals or color the appraisals or increase the appraisals of the operating company by owning the engineering company. Is that correct?

Mr. WHEELER. That is the idea.

Mr. TYDINGS. The point is often made in my mail on this subject, of which I receive a great deal, that the investor will have his investment destroyed. I realize a great deal of that is due to propaganda, for, so far, very few reasons have been given to me as to how the investor will have his investment destroyed. Is it the Senator's opinion, and is it the opinion of the experts who have worked with him, that those who now own stock in a big holding company, when that company shall be broken up into smaller companies, will have substantially the same holding in the small company which they now have in the large company?

Mr. WHEELER. There is no question but that can be done under this bill.

Mr. TYDINGS. The Senator has heard some testimony—and I am wondering what argument was made to him—that under this bill the honest investor who had paid, perhaps, a small amount of money into some holding-company stock would have that investment destroyed? What argument has been made to substantiate that viewpoint?

Mr. WHEELER. I am coming to that in a moment.

Mr. TYDINGS. If the Senator is coming to it, I will not bother him further.

Mr. WHEELER. I am coming to it, and I think I will explain it in a better way by following the regular line of my argument. If I do not do so, the Senator may inquire about it.

The test for exemption, the test set forth by the President in his message, is already in the bill—in section 11 (b) (4) (A) of the Senate bill. The corresponding section in the House bill is section 10.

On the side of affirmative benefit, regulation, and the ultimate retirement of the holding company will mean for the operating company the end of holding-company tribute through stockjobbing and upstream loans. By "upstream" loans, we mean where the loan is made by the operating company to the holding company rather than from the holding company down. It will mean the end of pressure for dividends and high rates, of pressure for service, management, and construction fees, which have in many instances imperiled the rights of the senior security holders of operating companies by the draining of surplus, the depletion of resources, and the unsound application of operating funds. In 1933, for example, 11 subsidiary companies of Electric Bond & Share Co. passed entirely, or paid only in part, dividends on over $102,000,000 of their preferred stocks outstanding in the hands of the public, while those same companies paid service fees that year to Electric Bond & Share Co., which gave the latter a handsome profit over the cost of the services (appendix 5, ch. IX, of the Federal Trade Commission report).

Mr. TYDINGS. Mr. President, if the Senator will yield there, those service companies were owned as subsidiaries by the Electric Bond & Share Co., but under the bill that practice will be prohibited?

Mr. WHEELER. That practice will be stopped. It will mean the end of an absentee control, which is certain to cause perpetual local political trouble, and will distinguish in the public mind the holding company and the operating company, upon which the public's indignation is now being visited indiscriminately because of holding-company excesses and the fear of holding-company power.

All these advantages of holding-company elimination are to my mind utterly essential to the readjustment of the relation of the operating companies and the public to a point where there is an even chance that the private operating

utility industry can hold its own against the growing demand for municipal plants. It may be, as Mr. Ferguson pointed out in the quotation I read from him earlier in this speech, that the public is beginning to understand that the wrath they justifiably visit upon the holding company may not be deserved by the conservatively managed independent operating company. But there is a race against time in the general growth of that understanding which I am convinced the operating companies have a chance to win only if the holding company is retired promptly from the field.

What arguments are being made on the other side?

The holding-company managers are making three arguments to operating company investors. They do not have to make any arguments to operating company managers, because, as I have pointed out, they control and choose and are themselves the managers for at least three-quarters of the operating utility industry in the country. Those three arguments which they are using are as follows:

First. The holding company is necessary as a mechanism for undertaking pooled services, such as engineering research and certain other scientific services, which no one company can afford to carry on for itself on a scale sufficiently intensive to get results.

Second. Holding-company supermanagement is necessary because local plants cannot get good enough managers to operate without supervision by the kind of supermanagement the holding company can afford to employ.

Third. Operating companies cannot get adequate credit for expansion, refundings, and so forth, without the help of the holding company's own credit standing and the brains of the holding-company supermanagers, who know how to borrow in the so-called "money market."

The answer to the first argument is expressly provided in the bill itself. The bill does favor and encourage the resumption of independent engineering and management services provided by independent contractors bargaining at arm's length with the operating company.

If Senators heard me a few moments ago, it will be recalled that I pointed out how the Cities Service Co., as a matter of fact, just mulcted the operating company out of several million dollars in the building of one plant in Colorado.

But section 13 also expressly provides for the voluntary formation of mutual service companies owned by the operating companies, which will perform at cost, prorated among those operating companies, the kind of engineering and other services hitherto provided by the holding companies, usually at a substantial profit. The bill does not, therefore, destroy all mechanism for the pooling efforts of operating companies; it reestablishes and stimulates that mechanism on an even more economical basis.

The answer to the second argument—that local men are not good enough to run local operating plants—is an answer of common sense and of democratic faith. I have always believed that, given responsibility and opportunity, any community can find within itself adequate leadership for its own economic life. We are certainly dangerously bankrupt of business ability in this country, and desperately need to encourage its development through wider diffusion of opportunity, if it is true that holding companies are necessary even to reasonably integrated operating companies because local management cannot be found in local communities who can operate local utilities without the constant supervision of holding-company supermen from the outside. I, for one, do not believe that—I think there are plenty of good men in the Northwest, for instance, who can run a public-utility company without supermanagement from anywhere.

Take, for instance, the Montana Power Co. in my State. It was built up entirely and was a successful company and boasted of giving better service than any other small company, until it finally came under the control of the Electric Bond & Share Co. I know operating properties in the Northwest now in the hands of great holding companies which were better managed financially and economically by their original local owners than by their new absentee masters. You know and I know that holding company outsiders dominate the management of local plants today, not because local communities needed them, but because holding company promoters bought out or swapped out the stockholders of the local operating companies at what then seemed irresistible prices. I have often wondered how many investors who swapped their stock in the local independent operating company for high-sounding, senior securities in a great holding company would do it again. In fact, many of the smaller holding companies which exist today, particularly those in New England, were formed as protective organizations to prevent Insull, Electric Bond & Share, Associated Gas, or some other whale from swallowing up the local companies.

The third holding company argument—that good, sound operating companies cannot borrow as advantageously in the money markets as the holding companies—is pushed forward the most vigorously by the holding companies because talk of money and credit always scares off examination by plain men by its air of mystery. But I am like many others who are not ashamed that they do not understand why a second set of bankers has to intervene for a fee between those who have money to lend and borrowers with good down-to-the-rails assets and earning power on which to borrow. I have never been impressed by the allegation that well-organized operating companies cannot make their own credit arrangements in the money market without paying for the intercession of an intermediary. If the great New York money market has an important function to perform in the business development of this country, that function can be properly and effectively performed only if that market is maintained as a fair and open market where credit goes by merit and not by kiss and favor.

The allegation that holding companies provide indispensable credit facilities for operating companies does not stand up against the statistical proof that the credit of operating companies in these days of depression—and depression days are the only true test of credit worthiness—is far better than the credit of holding companies. A recent report of the Federal Power Commission shows that the average quotations for 121 issues of operating-company bonds listed as legal investments for trustees in the State of New York were selling in November 1934 at 6.6 points higher than in September 1929. Recent prices have been even higher than those of last November. These investments, made solely on the credit of the operating company, contrast sharply with the exceedingly low prices of holding company securities.

The holding company has too frequently made its operating subsidiaries dependent by encouraging or compelling them to finance through bonds and preferred stocks instead of selling, in good times, their common stocks to the public. Holding companies did this because the holding company desired to retain for itself, with as little cash investment as possible, as large a proportion as it could of the common stock which carried with it both control and the chance for profits. I have read testimony given before the House committee that particular local light and power companies—vital to the life of their communities and vital to the interest of those who have independently invested in them—may thus, under holding-company superfinance, have become so hopelessly indebted to holding companies and so helplessly dependent upon them for funds that unless reorganized they cannot go on without the continued prosperity and support of the holding companies.

But in such cases, the interests of the independent investors of such companies and of the community require that those companies should be reorganized as soon as possible to get them out from under the kind of management and tribute that has placed them in this pathetic condition. The holding companies' argument, based upon the dependence of such operating companies upon them, proves too much; it is an argument against, not for, the continuance of holding companies. Decent light and power service is too important to the local communities of this country to hang upon the hazard of the fortunes of a handful of holding companies in the big financial centers. Judging from experience in other fields, I am not so sure how long the utility holding

company will carry a local subsidiary's debts if it becomes possible to scale them down in bankruptcy without loss of control.

The other day the president of a Commonwealth & Southern subsidiary, an operating man of 44 years' experience, Mr. Arkwright, of the Georgia Power Co., appeared before the House committee to testify that his company, operating small units, needed the help of a holding company. Completely voluntarily, he offered his opinion that the holding company was not needed for the operation of plants—I am now using his very words—" in New York or Boston or Chicago or San Francisco or Detroit or in your large metropolitan centers." A few days after that, Dr. David Friday, an economist whom the holding people hired to represent them before the House committee, said the same thing—that is, that with companies of the size of Detroit Edison, Commonwealth Edison of Chicago, and Southern California Edison of Los Angeles, " the holding companies are not necessary at all." Nevertheless, the local company operating the plant in almost every large city in the United States today is controlled by a holding company. The Potomac Electric Power Co. here in Washington, D. C., is a subsidiary of North American Co. and subject to its control and supervision. Do you not think a plant serving a city the size of Washington could afford management that could get along without North American supermanagement? Do you not think it could borrow on its own without the intervention of North American? Hartford, Conn., a city of not half the size of Washington, affords what is generally conceded to be the best operating management in the country from the standpoint of the investor and the consumer alike. Furthermore, if holding-company supermanagement and holding-company credit is not needed for a company in a large city, why, except for legal reasons, should it be needed for a compact geographical and economically integrated system of small plants which in the aggregate afford the same conditions of self-sufficiency as the operating unit in the large city? It is the distinct purpose of the bill to encourage the building up and the strengthening of such compact systems of small operating units, even to the extent of providing exemption, if necessary, for a single holding company necessary for the functioning of such a system. In other words, under the terms of the bill, we exempt a holding company in a State or a holding company in a particular section provided it complies with certain rules and regulations which may be established by the Securities Commission.

When freed of the burden of holding-company tribute, operating companies serving a single, good-sized community, or a system of operating companies serving a geographically and economically integrated territory, can afford, if necessary, to adjust rates to meet public demands. When freed of association with the high finance and high politics of absentee holding-company management, those operating companies can adjust their own relations to the communities they serve without the Power Trust handicap they have to carry today in competing with the municipal-plant idea.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Montana yield to the Senator from Arkansas?

Mr. WHEELER. Certainly.

Mr. ROBINSON. What would be the function of such holding companies as the Senator is now describing? What would they do?

Mr. WHEELER. The holding companies I am now describing would simply be for the purpose of holding together certain other companies and to rendering certain services. Such a holding company could take a number of small operating companies and organize them into an integrated company, but it could not be a holding company such as holding companies are constituted at the present time. It could not be a holding company controlling the stock of the operating company and charging for services to the operating company, but could serve as an investment company. Then, too, as has been suggested, where it is necessary to cover a certain number of States such as those of New England, because of the difference in the laws of the various States and in order to operate efficiently, the operating companies must be organized into an integrated system in that particular locality and that could be done by such a holding company as I have mentioned.

Mr. ROBINSON. That would be subject to the jurisdiction and control of the Securities Commission?

Mr. WHEELER. Yes.

Mr. ROBINSON. The Commission would make rules and regulations which would define the powers of such holding companies?

Mr. WHEELER. That is correct.

I have already quoted Mr. Ferguson, of Hartford, on the danger which the public attitude toward holding companies carries for operating companies. Let me quote one more warning on that subject from within the utility industry itself—a secret confidential warning introduced into that testimony before the New York legislative committee to which I have before referred. It is a confidential longhand letter written by Mr. W. L. Ransom, counsel for Consolidated Gas Co. of New York, the operating company in New York City, to a vice president of Consolidated Gas who apparently was about to make a speech praising holding companies. I have been given to understand that Mr. Ransom, whose company has since become affiliated with the United Corporation system, is now explaining away his letter, and is playing ball with the holding companies, as many an operating manager and employee has to play ball today. I have heard he is even going to appear in Washington to oppose the bill. But here is his confidential advice to his client in 1925:

The time is not far distant when unregulated holding companies will be recognized as the chief menace to the public-utility industry in America. (Italics mine.) They may destroy the present confidence of the investing public in public utilities as safe investments—confidence now based on the assumption that State regulation exists.

I don't urge you to go that far or say that much, but I do recommend that you take a little more restrained view and do not commit yourself too unreservedly. Why should the vice president of the Consolidated Gas Co. give such a bill of health to what the holding companies are now doing?

Now, how about the argument—and I call special attention to this—that section 11 will eliminate all holding companies after 5 years, and confiscate the investment of the holders of their securities in doing so.

Section 11 does aim to eliminate a certain kind of holding company; but before considering how it will eliminate such companies and what will happen to the investors of the securities in those companies during the process of elimination, I think we ought first to appreciate the great scope of exemption from elimination which the bill provides.

Section 11 now provides that a holding company can go on indefinitely if it is the kind of a holding company which is really necessary to the operating industry and is not so big that it is a private empire beyond the control of a democratic people. And it can go on even if it is not now that kind of holding company, but can become such within 5 years, by interchange or rearrangement of subsidiaries and by the simplification of its capital structure so that its investors can know what their rights are and have a decent voice in its management. Section 11 specifically gives the Securities and Exchange Commission power to exempt that kind of holding company from the so-called " death sentence."

That kind of holding company which qualifies for exemption under section 11 of the kind described by the President in his message—a holding company necessary to the continued functioning of a geographically and economically integrated system of operating companies which cannot be merged into a single operating company because of the difficulties of State laws, as I pointed out to the Senator from Arkansas. Among the very best of our integrated operating systems, particularly in the smaller States like those of New England, are systems which cross the lines of contiguous States and which cannot be merged into single operating companies because the laws of each State require operating

public utilities within their borders to be incorporated under their respective State laws. In such circumstances a holding company may be a necessity justified to hold the operating system together. The bill authorizes another exemption provision in section 4, subsection (c), for holding companies operating a system of operating companies all of which function exclusively in the same State, the kind of "simple holding company" Babson described in the report from which I read earlier in this speech. There are many holding-company systems in the country which operate completely within one State.

Within these two classes of exemptions—intrastate systems and integrated interstate systems—are potentially included probably nearly all the holding companies outside the so-called "giants"; and yet every little holding company throughout the United States is here protesting against the enactment of this bill. As a matter of fact, I question whether the bill goes far enough; but the authors and proponents of the bill felt that it was necessary and proper that the bill should contain these exemptions.

Mr. TYDINGS. Mr. President, after 5 years, when the larger holding companies are dissolved or restrained, what is the mechanism for taking the stock which an investor may now hold in one of the larger companies and giving him stock in the smaller companies?

Mr. WHEELER. I have pointed out in my remarks how it can be done.

Mr. TYDINGS. Very well, if the point is covered in the Senator's remarks.

Mr. WHEELER. Even a great many of the component companies in the giant systems are probably included individually; companies like Alabama Power, Georgia Power, Consolidated Gas of Baltimore, Union Electric Light & Power, and others which should be able without great difficulty to qualify for the exemption specified in the bill. Even some of the giant systems themselves, therefore, need not break up into hundreds of individual companies, but might rearrange their properties in the form of five or six geographically integrated systems. Many of them are already composed of several fairly well-integrated divisions or natural units, each of which, with some small changes, will be prima facie qualified for exemption under section 11 or section 4. Of course, it must be borne in mind that when they get these exemptions they will have to submit their securities to the Securities Commission; and they will not be permitted to continue these practices of robbing the individual companies as, in some instances, they have in the past.

Mr. TYDINGS. Will the Securities Commission also have to approve the plan of reorganization?

Mr. WHEELER. It will.

Mr. TYDINGS. So that each holder of a security in the larger company would at least have the safeguard that the plan of reorganization had been approved by the National Securities Commission?

Mr. WHEELER. Yes; I point that out in the course of my remarks.

The bill, therefore, does not seek to reduce the operating utility industry to its least common denominator—to the small plant and the small distributing area. It does seek, however, to confine combinations of plants and of territories, undertaken in the interest of efficiency, to those plants and territories which are reasonably related geographically and economically, even though on the power map other plants and territories may occasionally intervene. Since the combinations of plants and of territories now held by the certainly doomed giant holding companies will have to be reorganized anyway, the bill seeks to have that reorganization result in combinations serving exclusively a single geographic and economic area.

The bill favors such compact regional operating systems, rather than sprawling so-called "diversified systems", for two good reasons. One reason is scientific. The best engineering opinion tends to support the idea that such regional systems, with their opportunity for interchange and self-utilization of surplus power, offer the best possibilities for the cheapest provision of indispensable electric energy to the consumers of this country.

The second reason, the more important one, is economic and political. As the President says in his message, private utilities with their legalized monopolies are supposed to serve public ends. A far-flung disjointed system, whose management is independent and absentee so far as any particular community in its system is concerned, has the problems of no one community for its exclusive consideration and opportunity, and can never be made into a satisfactory public servant. It is free to skip all over a continent to pick up sporadic stock-jobbing opportunities of high finance in lieu of sober operating profits. It derives a great portion of its power and its profits from outside sources over which the community has no control. It can never be successfully regulated by the community it serves. It is a breeder of bad public relations.

An operating system whose management is confined in its interest, its energies, and its profits to the needs, the problems, and the service of one regional community is likely to serve that community well, to stick to the operating business, to be amenable to local regulation, to be attuned and responsible to the fair demands of its public, and to get along with its public to their mutual advantage. A regional system, with each company confined to consolidation of its own territory, will offer no chance for the territorial raids at fantastic prices with which for 15 years competing private empires kept the operating business in turmoil. Essentially local systems will tend to operate utilities rather than to play with high finance; and essentially local enterprise is far less likely than the wandering corsair to accumulate political and economic power entirely out of proportion to what the public can permit any private power to be.

Over and against these considerations of public policy, the doubtful private advantage of diversification of risk put forward as the justification for sprawling holding-company systems is unimportant. This sort of diversification of risk is the function of the individual investor or the investment company, not of a company which is itself managing the business in which it invests.

The investors in at least two kinds of present-day holding companies have, therefore, certainly no reason to fear the confiscation talked about by propagandists—that is, investors in holding companies whose subsidiaries operate either completely within one State or in a geographic or economic relation to each other in contiguous States. Nor is there any reason for worry on the part of investors in companies which do not presently meet those standards, but can reasonably expect to do so by a little rearrangement over a period of years. Anyone who knows even a little about trends in the public-utility business knows that there are forces already at work—forces like new scientific developments, new distributions of financial power, and even the sheer weariness of holding-company managers—which, with the encouragement and machinery provided by this bill, would voluntarily work with amazing speed to rearrange the great gerrymandered, fundamentally inefficient, and unstable super-utility combinations, and to consolidate their operating properties into efficient, compact regional units of the kind the bill exempts from elimination.

Let us see just where we are in our consideration up to this point of the effect of this bill on investors in the utility industry.

First, at least three-quarters of the interest of those investors is represented by direct investment in operating companies. Those operating companies will be helped and not hurt by a bill which curtails their tribute to holding companies and frees them of unpopular Power Trust associations.

Second, the bill expressly provides for and contemplates that a large proportion of the holding companies which represent the remaining one-fourth of the investors' interests may immediately, or over a period of years, qualify for exemption from what propagandists call the "death sentence" in section 11 (b) (4).

If we should read only the opposition's scareheads, we would think that this "death sentence" strikes down every utility investment in every operating and holding company in the country. "The wreck of a $12,000,000,000 industry" is a typical phrase. But if we read the bill we learn that the "death sentence" applies at most to investments in only a portion of the present holding companies.

Let us now examine the argument that the so-called "death sentence" will confiscate or injure even the investment of such minority of holders. What does section 11 (b) (4) really do to an unexempted holding company?

Section 11 (b) (4) aims solely at the breaking up of an undemocratic system of supercontrol over local operating companies. It affects the holding-company assets which give value to holding-company securities only as an incident in the process of breaking up that control. "Holding company" is defined for the purposes of this section and of the whole bill as a company which as a matter of fact controls gas or electric public-utility companies. Control is the test of the scope of the bill. A company is not within the scope of the bill unless it does have in some way or other such a control over other utility companies.

The so-called "death sentence" actually says only this: That after January 1, 1940, it becomes the duty of the Securities and Exchange Commission to require every unexempted holding company to dispose of securities or to be reorganized or dissolved insofar as may be necessary to make that company cease to control other companies.

Beyond that section 11 requires only that holding companies simplify their capital structure to a point where the investor, and for that matter the company, will know what the investors' rights are. The rights of the various securities issued by some holding companies today overlap so badly that the best lawyers in the world cannot clearly define the respective rights of the securities.

Mr. President, that is all there is to the so-called "death sentence." Remember that in any discussion of this "death sentence" section 11 (b) (4) does not require any company to dissolve or to dump assets on the market at any time, whether before or after January 1, 1940, if the company can find legal means other than dissolution or such dumping of assets to give up its ownership and control over other utility companies. The holding-company lawyers who performed legal wonders in concentrating the present amazing structure of holding-company control perfectly well know how many ways there are of simplifying that structure or of dispersing that control in particular companies without the sacrifice of assets which cannot be advantageously disposed of at any particular time.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. TYDINGS. Suppose we say a holding company owns 20 operating companies, and owns a quarter of the stock in each one of the operating companies, and that the holding company is dissolved into either 20 holding companies or is dissolved altogether. I am just wondering how much protection should be given the innocent investor in a holding company, as to which one of the particular 20 companies he should have stock in, whether he would be in 1, 2, 3, 4, or what number of companies.

Mr. WHEELER. They could be organized into an investment trust and all the stock of the holding company could be turned over to the investment trust, and then the stock of the investment trust could be divided. But the investment trust, of course, would be like any other investment trust in that it would not control the operating company by charging fees, as it has been alleged the holding companies do. It would be an investment trust, and the stockholder would be perfectly protected.

Mr. TYDINGS. That could be done. On the other hand, if the company decided to dissolve, there would be 20 companies into which it would have to share out the stock of the holding company.

Mr. WHEELER. Yes; it could be done in that way.

Mr. TYDINGS. I am wondering what protection could be afforded by the bill in addition to that which now exists to insure equality in the redistribution of the holding-company capital structure.

Mr. WHEELER. Of course, it would have to be done under the supervision of the Securities Commission.

Mr. TYDINGS. We would really have to rely more on the Securities Commission than on the bill to make sure that an equitable distribution were made.

Mr. WHEELER. Exactly, and, as I shall point out in a few moments, as a matter of fact, any reorganization which takes place will be under the supervision of the Securities Commission, so as to assure the security holder that he is not going to be robbed in the reorganization, as many of the security holders have been robbed in the reorganization of the railroad companies, and other companies of that kind.

Mr. TYDINGS. Answering my own question, has this idea occurred to the Senator as to how this redistribution might be made equitable even without the Securities Commission? Suppose there were the greatest common denominator, so to speak, or the smallest common denominator, fixed for each one of the 20 companies, then the distribution could be made so that the holder of stock in the holding company would get, if there were 20 operating companies, one-twentieth of the holding in each one of its subsidiaries.

What I am afraid of, if we leave this to the Securities Commission, is that everybody will not have the facilities to know whether he would rather have the stock traded for stock in operating company no. 1 or operating company no. 3.

Would not the bill assure a better distribution of the holding company's stock if it were provided in some amendment to the bill that that stock would have to be spread all the way through the assets of the holding company, namely, that the holder of holding-company stock would have translated one-twentieth of his interest, we will say, into each one of the 20 companies? Does the Senator think that idea is worthy of consideration?

Mr. WHEELER. I think it is worthy of consideration, and I will be glad to consider it when we come to have hearings before the committee.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. NORRIS. I think the Senator ought to make plain that now some of the stock of some of these holding companies is nothing but water or wind.

Mr. WHEELER. Of course, that is so.

Mr. NORRIS. The bill does not pretend to perform any legerdemain. It does not pretend to convert water into gold.

Mr. WHEELER. Not at all.

Mr. NORRIS. There are those who have been misled in their investments in some of this worthless stock who cannot expect to get any value out of any of it. They have already lost their money.

Mr. WHEELER. They have already lost it.

Mr. NORRIS. Absolutely.

Mr. WHEELER. And bill or no bill——

Mr. NORRIS. Bill or no bill, they will never get it back.

Mr. WHEELER. Many of them are going to lose what little money they have invested at the present time.

Mr. NORRIS. Undoubtedly.

Mr. WHEELER. There is nobody who has made a survey of these holding companies but who knows perfectly well that many of the holding companies, bill or no bill, are going to have to be reorganized and are going into the hands of receivers. In my judgment, the little investor who has some equities at the present time will receive more protection under the bill than he will if the bill is not passed and nothing is done about it.

Mr. TYDINGS. Mr. President, will the Senator yield again?

Mr. WHEELER. I yield.

Mr. TYDINGS. It is conceded that the lawyers for the holding companies are very shrewd.

Mr. WHEELER. Yes.

Mr. TYDINGS. The point I have in mind is that there would be two fundamental ways in which a holding company

might be dissolved. Let us assume that one has an investment in a holding company which owns, we will say, 20 operating companies. He could be given stock in one of the operating companies, which might be an inferior company, and those on the inside might keep for themselves and their friends stock in one of the better companies. The point I am trying to bring out is that we ought to see to it when a holding company is dissolved that the benefits of a good operating company owned by the holding company do not fall to a group of favored stockholders in the holding company. We ought to write safeguards in the law so that each one of the operating companies is proportionately dealt out to each investor in the holding company. I am afraid that if we do not do that the very lawyers who have watered the stock will again water it, and the honest investor will in the end have stock in a poor operating company, while some others may find themselves with stock in good operating companies.

Mr. WHEELER. That would happen, without doubt, as to many of them, unless the Securities Commission should take steps to prevent it.

Mr. TYDINGS. I believe the Securities Commission would try to bring about an equitable dissolution; but it occurs to me that even that Commission, with a far-flung country such as ours, and having in mind the machinations of the holding companies, would not have a sufficient staff properly to appraise the holdings of the holding companies, so that one investor would at the end know whether he was being paid better than another. I think it would be well, if this measure is to be enacted, to assure to each stockholder in a holding company an equitable share of the operating companies.

Mr. WHEELER. I think that is a very good suggestion.

Mr. MURPHY. Mr. President, will the Senator yield to me?

Mr. WHEELER. I yield.

Mr. MURPHY. The point is, as I understand it, that if a holding company shall be dissolved, the equity of the stockholder in the holding company today will not be taken from him. He would be given equivalent value in one or several operating companies owned by the dissolved holding company.

Mr. WHEELER. That is the theory upon which the bill is drawn.

Mr. MURPHY. That is the purpose of the proposed legislation?

Mr. WHEELER. Exactly.

Mr. TYDINGS. Mr. President, if the Senator will permit me to make one further observation, there might be optional ways in which the company might be dissolved. For example, they might be given a chance to take stock in one company or in all the companies, and we ought to write a provision into the law so that all the stockholders in the holding company would get the same treatment. Otherwise, I am afraid some innocent person would find himself at the end with stock in one of the operating companies which might not be as valuable as stock in another operating company.

Mr. MURPHY. The revenues of the holding companies come in part from earnings on the stocks held. As to the dividends received by the holding company, if the holding company should be dissolved, they would remain with the operating company?

Mr. WHEELER. Yes.

Mr. MURPHY. And go to the stockholders. The service and management charges received by the holding companies thereafter would not be made, and those charges would remain in the revenues of the operating company now contributing them.

Mr. WHEELER. But if the operating company, as the result of not being milked by the holding company, had more dividends upon the stock, then it would give them back as a legitimate profit to those who held the stock either in the operating company or in the investment trust.

Mr. MURPHY. Yes. It appears to me, as the Senator has stated, that not only will there be no loss of equity, if there be any equity, as the result of the dissolution of the holding company, but there will be no loss of income to the operating company.

Mr. WHEELER. The way the public has been robbed in connection with these holding companies, as I pointed out from figures here, is illustrated by the case of two or three companies the promoters of which sold two or three hundred million dollars worth of stock in those holding companies and took out $34,000,000 for promotion charges.

Mr. MURPHY. Did the Senator find any instance where holding companies put any money into the operating companies?

Mr. WHEELER. No. Many of the holding companies were started on a shoestring, and the promoters sold stock to themselves at a dollar a share. There is no difference between such a case and a case which I prosecuted in Montana for using the mails to defraud, which resulted in sending those prosecuted to the penitentiary. The defendants in that case were prosecuted for organizing an investment trust out there. They started out with nothing, and were sent to the penitentiary because they put in their own pockets something like 40 percent of what they took in. The court held that such action upon its face was a fraud. The United States courts have gone so far in some cases as to hold if 33⅓ percent is taken out as promotion charge that is prima facie a fraud upon the stockholders, and that persons engaged in such practices could be prosecuted and sent to the penitentiary for engaging in them.

I am perfectly amazed that there have not been prosecutions for using the mails to defraud. Some of the wild promotions which have taken place were no different from those for which Cook was sent to prison in Texas. What has been done by some of the holding companies is not different from what he did.

Corporation lawyers who pretend to be so worried about the investor know that the so-called "death sentences" under the Sherman Act and under the commodity clause of the Hepburn Act were carried out without resorting to any forced liquidation of assets, but were consummated by an equitable redistribution of securities among the existing security holders. Corporation lawyers who have been so skillful in swapping securities to take control away from the investor, will have no difficulty in swapping securities to give that control back to the investor, if they seek to do so.

Just what the exact technique would be in every case of reorganization or divestment is impossible to forecast because it would depend upon the particular circumstances of the particular company at a particular time. Reorganization difficulties primarily arise out of complicated capital structures and weak financial condition. Strong companies usually have simple capital structures. The better a holding company, therefore, the more easily it will be rearranged, reorganized, or dissolved, and the less complicated the distribution of its assets will be.

Three years—up to January 1, 1938—is permitted for voluntary readjustments, on the initiative of the holding companies themselves, before the Securities and Exchange Commission has power to force any reorganization or disposition of assets under section 11. At least 2 more years of discretion, until January 1, 1940, are then permitted the Commission before the Commission is forced to move to compel any reorganization or disposition under the section. That makes 5 years. A 5-year period beginning to run after 5 years of depression in the normal course of the economic cycle should carry us through to normal, if not boom, times.

In some cases it may be possible during those 5 years simply to divide the securities owned by the holding companies among the holders of its own securities. The fractional interests in securities which may result are not a matter of difficulty; the securities market has long ago developed machinery for recombining the fractional shares which result from such distribution, and from the kind of stock dividends in complicated fractional scrip which some holding companies have paid for many years.

In such a 5-year interval some companies may exchange their securities with other companies, making possible the

dissolution of some holding companies into compact operating units or their continuance as holding companies under the exemptions I have referred to. In such a 5-year interval some companies may be able through investment banking channels or otherwise to dispose of valuable operating securities to enable them to retire their prior obligations and to distribute the balance of their securities pro rata among their stockholders.

The President in his recent message clearly draws the line between a holding company and a legitimate investment company. A holding company might through investment banking channels or otherwise, over a period of 5 years, reduce or exchange its holdings in operating units, not completely, but to a safe point where it no longer had a controlling interest and had become a legitimate investment trust.

Or a holding company might with the approval of the Securities and Exchange Commission divest itself of control of operating companies simply by conveying its investments carrying voting power in such operating companies to trustees for the benefit of its security holders in accordance with their equitable rights and priorities, breaking the common control of its erstwhile subsidiaries and vesting the voting control of each not in a single set of trustees or proxy holders but in the mass of individual security holders who are the real owners of the subsidiary properties. The voting power which had once constituted the control bringing the holding company within the bill would then be dispersed and the holders of the beneficial certificates would exercise those rights which had hitherto been exercised by the holding company to vote for the directors of each then autonomous operating unit. The trustees could hold those investments and liquidate, whenever they chose, on any market they chose, in any way they chose, and with any distribution among the security holders they chose, within the limitations of the equitable rights of the respective security holders against the company and each other and the terms of the trust agreement as approved by the Securities and Exchange Commission.

Naturally, safeguards would have to be provided to prevent the continuance of any common control of the operating units so that the evils of the holding company and absentee management would not continue in a different and more subtle form. But with such safeguards, the arrangement honestly carried out would completely satisfy the requirements of the language of section 11 and of the policy of section 11. In the course of time it is to be expected that under such a trust arrangement the actual ownership of the several properties would become dispersed and that there would be a natural tendency for a substantial part of the ownership of the several operating units to drift back to the localities where they do their business.

Section 11, therefore, does not say to any company which presently is a holding company that its investments have to be dumped on a bad market. Section 11 simply requires that any company now a holding company, unless it qualifies for exemption in the way I have described, cannot continue to hold and control those investments. I have suggested at least a couple of ways that can be done. The lawyers can be trusted to find other ways. Anyone familiar with the energy and ingenuity and ability which went into the pyramiding of voting control upon which these holding-company structures are based has no fears that a tithe of that energy, ingenuity, and ability cannot find plenty of ways to decentralize the control which it created.

Even the unfairest critic would have to admit that there would be no danger of the sacrifice or wastage of any of the legitimate asset values of operating-company securities behind the investors' holding-company securities, if the reorganizations were carried out under the following conditions:

First. With plenty of time to get adequate values for any assets to be disposed of.

Second. With adequate legal machinery in any reorganization required by the bill for the readjustments of liens and the comparative rights of security holders to do equity to all.

Third. With complete supervision and control of plans of reorganization by a disinterested Government commission to prevent the usual profiteering by reorganization managers, reorganization lawyers, reorganization bankers, and all the rest of the scalpers who have made corporate reorganizations in this country a nightmare for the average investor.

All the prophecies of destruction of the interests of the investors are based on a theory that reorganization and dissolution under section 11 will not be carried out under those conditions. But in proceedings under section 11 every one of those conditions is carefully provided for.

First. Consider the question of time.

I have already pointed out that the bill gives unexempted holding companies 5 years—and 5 years beginning part of the way out of a depression—to work out their own methods of reorganization. And I have pointed out that the strong companies which have the most to save are usually the simplest in corporate structure and the easiest to reorganize. The methods of compulsory reorganization or dissolution after 5 years, therefore, are almost academic. Long before the end of 5 years, the easily reorganized stronger companies will almost certainly have found a way to rearrange themselves. Long before the end of 5 years the weaker companies already tottering on the brink will have been forced without any Government compulsion to find a way to reorganize themselves voluntarily or will have fallen into the bankruptcy courts. The number of companies which either will not or cannot adjust their own difficulties within the 5 years and will have to be adjusted under Government compulsion will, if the holding-company managers know their job, be very few. But for those who want to know what machinery is provided to effect the compulsory reorganization or elimination of any last handful of companies, let us trace the operation of the bill beyond that 5 years.

After the 5 years provided for voluntary readjustments, all dispositions, reorganizations, and dissolutions are thrown into the Federal courts to which the Securities and Exchange Commission must apply for the enforcement of the Commission's orders under section 11 and for the appointment of the Commission as trustee to carry out such orders under the direction of such courts. Now, any sincere first-class lawyer will advise any sincere investor in holding-company securities that it is the prerogative and the custom of a Federal court to which application is made for the execution of a plan of reorganization or divestment involving the sale or exchange of any assets, to postpone disposition of assets until such time as they shall not be sacrificed. There is no time limit provided in section 11 or anywhere else in the bill to circumscribe such traditional jurisdiction of a Federal court of equity.

Furthermore, in cases where there is no insolvency there is no reason why interest on bonds and dividends on stocks, if available, should not be paid pending the reorganization.

The answer, therefore, to the question whether there will be sufficent time in which to rearrange or dispose of holding company assets, under section 11, without sacrifice is that there will be as much time as a Federal court of equity thinks is necessary. The 5-year period, of which we have heard so much, is merely a limitation of the time within which the Securities and Exchange Commission must throw rearrangements or dispositions into such Federal court.

Now for the next question: Is adequate legal machinery available for the readjustment of liens and the comparative rights of security holders to do equity to all?

The answer is "yes." Not only is the Securities and Exchange Commission empowered to institute proceedings, under 77–B of the Bankruptcy Act, in cases of insolvency, but Supreme Court decisions in dissolution proceedings arising out of the Sherman Act and the commodities clause of the Hepburn Act—the act prohibiting railroads from transporting commodities in which they have an interest—have long ago and thoroughly established the completely free hand of the Federal courts of equity to adjust the rights of security holders in the distribution of assets in reorgani-

zations and dissolutions compelled by Federal statute as a matter of Federal public policy.

Of course, equity must be done as among the various classes of security holders; the bondholders or preferred-stock holders cannot be deprived of what is fairly theirs. But the common-stock holders have a right to have their interest, such as it is, preserved until a fair disposition can be made. The strict letter of the security holder's bond has to give way before the court's power to carry out the public policy of the statute.

This is no fanciful speculation as to what the administrative and judicial branches of the Government will do. It is a doctrine of established law which found its last and completest expression in the recent gold cases where public policy overrode the terms of private contracts. The Supreme Court has expressly stated not only that it would not, in a reorganization compelled by public policy, require a sale of assets under conditions which involve an unnecessary sacrifice of values, but that it would sever and readjust even a mortgage lien in order to make possible a fair and equitable reorganization in conformity with the declared policy of Congress. Because someone may call this "only a Senator's wishful law", I quote at length from Chief Justice Taft's opinion in *Continent Insurance Co.* v. *United States Reading Co. et al.* (259 U. S. 156):

> The considerations influencing the district court and the Government against a drastic readjustment of the interests of the bondholders under the general mortgage and the holdings of the two offending companies were of manifest weight in the then business and monetary situation. Even now this court would hesitate to order a sale of this kind of property worth probably $100,000,000 with confident hopes of realizing an adequate amount with the necessary restrictions as to the purchaser. We agree with the Attorney General in his disinclination to insist upon such a sale under the circumstances. Since the time of settling the decree, however, a change for the better has come in the financial situation. We think that this justifies us now in making some modifications in the plan which were not presented to the parties or considered by the court, possibly because they might have been unwise in the critical conditions then existing. They involve a departure from the contract provisions of the general mortgage and the bonds it secures * * *.
>
> The power of the court under the Sherman antitrust law to disregard the letter and legal effect of the bonds and general mortgage under the circumstances of this case, in order to achieve the purpose of the law, we cannot question. The principles laid down and followed in the case of *United States* v. *Southern Pacific* Co., decided today, post, 214, leave no doubt upon this point. Indeed, the case which we there cite, *Philadelphia, Baltimore & Washington Railroad Co.* v. *Schubert*, 224 U. S. 603, 613, 614, is a stronger instance of the power of Congress in regulating interstate commerce to disregard contracts than is needed in this case, because there it was enforced as to a contract made before the regulation. * * *
>
> * * * In one of the phases of a case, reported as *United States* v. *Lake Shore & M. S. Ry. Co.*, 203 Fed. 295, the Court of Appeals of the Sixth Circuit was obliged to consider on an intervening petition, the question of the power of the court under the Sherman Act to deal with a mortgage whose lien if held to be inviolable interfered with the effective dissolution of the offending combination of a railway company and a coal company. The opinion is not reported, but we have been furnished a certified copy of the memorandum opinion, and its language is so pertinent that we quote it as expressing our view:
>
> "One who takes a mortgage upon several items of property of such character that their common ownership or operation may offend against the antitrust law or the commodities clause, and such that the mortgage serves practically to aid in tying them together, must be deemed to hold his mortgage subject to the contingency that if the complete and final separation of one item of the mortgaged property from the remainder becomes essential to the due enforcement of either named law, the court charged with such enforcement may take control of that item, free it from the consolidating tendency of the mortgage, and substitute therefor its judicially ascertained equivalent. * * *"

Mr. President, the history of the dissolution of the Standard Oil Co. and of the even more complicated dissolution of the American Tobacco Co. under the Sherman Act demonstrates that in the case of really solvent companies assets may be segregated and a common voting control broken without any of the disastrous consequences to investors which it is claimed will occur if this bill passes, and which it was claimed with equal vehemence would occur under the Sherman Act.

That brings me to the last point—the protection of the holding-company investor by the Securities and Exchange Commission. I do not blame the average investor for shuddering at the very word "reorganization." In the usual process of reorganization and regrouping of properties the investor might be given the same milking by reorganizing bankers and their lawyers that he has had to take in railroads, real estate, and every other kind of corporate reorganization. To meet that very danger the bill puts the entire process of reorganization, including fees and so-called "reorganization plans", under the control of the Securities and Exchange Commission.

It also carefully requires the Federal courts to appoint the Securities and Exchange Commission itself trustee in any reorganization or dissolution proceeding. It does that to protect the investor by avoiding the jockeying for the selection, by a busy judge or from a neatly weighted panel, of those individual trustees who will play ball with the right people. Such jockeying, every realistic lawyer and every realistic court knows, goes on, however subtly and secretively, in every bankruptcy, receivership, and reorganization proceeding. That provision has an exact precedent in the Federal statute which makes the Comptroller of the Currency, and not someone at large, cleverly thrust upon a court, the receiver of each closed national bank. It has an exact precedent in State statutes which make a commissioner of insurance, and not someone at large, the receiver of each failed insurance company.

There is no reason why, with all this protection given the investor, both by the Securities and Exchange Commission under this section 11 and by the Federal courts, there should be shrinkage in the actual value of the investor's interest in the operating companies which underlie the holding companies. The individual investor really ought to come out of the reorganization process with far better securities than those with which he went into it. He ought to get a security which represents an actual down-to-the-rails investment in a regulated local operating company or, at most, a regulated regional holding company. He ought to get a security which will bring him, instead of a lot of paper-stock dividends, all the legitimate cash dividends the operating company can pay—not what is left of them after high salaries, large fees, big bonuses to holding-company officers and bankers, and the purchase of securities at exorbitant prices from corporate insiders.

In short, the individual investor ought to get the kind of security he thought he was buying in the first place. The benefits of this bill to the interests of the great middle class, who make up the bulk of American investors, will be incalculable. It will strike a real blow at the tyranny of that private socialism of a privileged few which threatens the whole future of independence of business and of the Nation itself.

CALIFORNIA-PACIFIC INTERNATIONAL EXPOSITION

During the delivery of Mr. WHEELER's address,

Mr. McADOO. Mr. President, may I ask the distinguished Senator from Montana to yield to me for a moment?

Mr. WHEELER. I yield.

Mr. McADOO. I wish to ask unanimous consent to have considered at this time the joint resolution (H. J. Res. 174) to permit articles imported from foreign countries for the purpose of exhibition at the California-Pacific International Exposition, San Diego, Calif., to be admitted without payment of tariff, and for other purposes. A similar measure was introduced by me in the Senate and reported favorably by the Committee on Finance. I should be very grateful if immediate consideration could be accorded the House joint resolution. I know of no objection to it.

Mr. WHEELER. If there is no objection, and if it will lead to no debate, I am willing to yield.

Mr. McADOO. I am sure it will lead to no debate.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Is there objection to the request of the Senator from California?

Mr. AUSTIN. Mr. President, although I am personally very much in favor of the joint resolution, and should like to see it enacted, I feel bound to object, unless the Senator would like to have a quorum called.

Mr. WHEELER. If there is to be any objection at all or any discussion, I cannot allow the joint resolution to be brought up during the course of my speech.

Mr. McADOO. Mr. President, I hope the Senator from Vermont will not interpose objection for the reason that the preparations for the exposition are approaching completion, and it is essential that the foreign exhibits be permitted to come into the country if they are to be shown at the exposition. The time is short and I know of no objection to the joint resolution, and therefore will be grateful if it may be passed.

Mr. AUSTIN. If the Senator will bring the matter up at the conclusion of the remarks of the Senator from Montana, when we may call a quorum, I assure him that I will not then interpose objection.

Mr. WHEELER. I must refuse to yield further.

Mr. McADOO. I thank the Senator from Montana for his courtesy in allowing me to make the request.

ALLOTMENT OF RELIEF FUNDS TO EDUCATIONAL PURPOSES

After the conclusion of Mr. WHEELER'S speech,

Mr. CUTTING. Mr. President, a few days ago I offered an amendment, which was adopted by the Senate, earmarking $40,000,000 of the appropriation carried by the work-relief joint resolution for relief of the schools during the present school year. At the time the Senator from Maryland [Mr. TYDINGS] asked me what States were unable to continue their schools in operation for the present year.

At that time I had not the figures; but they have since been furnished by Dr. Dawson, of the United States Office of Education, to the Committee on Education of the House of Representatives. The hearings have not been printed, and I am going to ask to have Dr. Dawson's testimony incorporated in the RECORD at the end of my brief remarks.

I do not desire to take the time of the Senate to any extent so late in the afternoon. I think, however, one or two things ought to be said.

In the first place, it was implied in the course of the debate that my own State of New Mexico would receive a large amount of the suggested appropriation. I made it clear at the time that I had no idea where my State would stand among those which were to receive the benefits of such an earmarking. I now find, however, that of the 31 States on the list, New Mexico stands fifth from the bottom, and would receive only $180,000 out of the $36,500,000 which Dr. Dawson figures is required. The State which would receive the greatest sum, being the State which is most in need in this matter, is the State of Ohio, which requires $9,000,000 to carry on her schools during this year. The States of Alabama and Georgia will require between three and four million dollars each. The States of Arkansas, Mississippi, Oklahoma, and Texas will require between two and three million dollars each, and the States of North Dakota, South Dakota, Tennessee, and Missouri between one and two million dollars each.

The argument was made that it was the duty of the States to provide sufficient taxes with which to take care of their own school systems. I should like to quote briefly from the testimony of Dr. Dawson.

The chairman of the committee asked:

What I mean is that the local communities are not endeavoring to get sufficient taxes to take care of the school teachers and the schools.

Dr. Dawson replied:

These local communities certainly cannot by any reasonable tax make adequate provision for schools. No, I would not agree with the implication of your question because for the most part these districts are in States where they have a constitutional or legislative maximum tax, and there is hardly an exception where they do not levy it, and if you will compare their tax rates with the tax rates in other States you will find that they stand pretty well up.

Later, he said:

If you will go down this list of States, you will find that the States that are in the greatest distress are the States which for years and years have been accustomed to give a larger amount of State support to education than the other States in this Union.

Alabama for 30 years has stood at the top of the list in State support of education. Arkansas has always stood well up toward the top of the list. Back in 1927 and 1928, 38 percent of all the money spent for public schools in Arkansas came from State sources.

By and large, the Southern States all stand high in State support * * *.

The point that I am making is that the question is not altogether a question of complete State support or increased State support of the schools. Alabama has for years and years spent more money from the State for public schools than the State of Indiana does now, but that has not kept them from having several thousand children in schools operating 6 months or less a year, with the teachers being paid $40 a month. I would just like to see the expert on public finance in this country that can go to Mississippi and say what taxes Mississippi can levy equitably, in addition to those already in force. I have heard experts in Federal offices say repeatedly that to save their souls they did not have the heart to say that Mississippi ought to levy any more taxes. What in the name of sense can you tax that is not already taxed higher than anybody else taxes it? You can take all the money in the State of Mississippi and put it into the schools and you will still have teachers being paid $40 per month, with 6 months' terms. There are reported to be 2,000 communities in the State of Mississippi that do not even have a schoolhouse, but they have school in the cotton pen, in the barns, and in the tenant shacks on the plantations.

I am glad Dr. Dawson took as examples other States than the one which I represent in part, because it is perfectly clear that the major portion of this problem comes in entirely different States.

Dr. Dawson then goes on to deal with the State of Arkansas, and says:

I was the director of research in their State department of education for 7 years, and I do not think anybody can tell me any more about Arkansas than I already know. They raised a million and a half dollars for relief. That left about a million dollars that they could raise for public schools. Now, the taxes levied by the State of Arkansas—and they are taxed at a maximum rate that was recommended by the finance experts in the Federal Emergency Relief Administration, after a detailed study—produce for the schools $1,000,000 only, and $400,000 of that will go into these distressed school districts, spread out on a per capita basis, and I admit it is just as silly a basis as can be, but that is the way it will be done. When the new taxes are all levied the State of Arkansas this time next year is going to be somewhere in the neighborhood of $750,000 short of enough money to keep their schools open for the customary or normal term at a salary of about $50 a month for teachers.

Mr. FLETCHER. According to your statement, sooner or later during the emergency the Federal Government has got to participate, in cooperation with the States, in sustaining education in these communities; isn't that the conclusion?

Dr. DAWSON. We have got to do something about it. It depends on what we decide. It may be that we shall decide that people should grow up in ignorance.

Mr. FLETCHER. You say there is a legal limit to the taxes that can be imposed?

Dr. DAWSON. That is the point I am making. Some of the States are in an awful fix, and they cannot get out of it this year, cannot possibly get the money to do it.

Mr. BARDEN. You say, in some instances they have applied every tax recommended?

Dr. DAWSON. Yes, sir.

Mr. BARDEN. What were those taxes?

Dr. DAWSON. Usually sales taxes; and in Arkansas there is the recent legalized liquor tax and taxes on horse racing.

Mr. FLETCHER. They finally taxed chewing tobacco in Mississippi, didn't they?

Dr. DAWSON. There is a tax of 5 cents a package on cigarettes and a 10-percent tax on all cigars in Arkansas that has been in effect since 1923.

Mr. DONDERO. Doctor, viewing the vital importance of this whole problem of education as a national problem, ought there to be any quibbling about thirty or forty million dollars being allotted to help them out when two commodities of this Nation yield $3,000,000,000 in taxes to the National Government every year?

Dr. DAWSON. You are expressing my opinion about it, if that is what you mean.

One other point was made the other day in the course of the debate, and that was that under the present system relief was being given to school teachers on the basis of unemployment relief. Dr. Dawson has this to say on that question:

If this $30,000,000 is spent, not only for teachers' salaries but for transportation and for janitor hire, the schools will be much more adequately cared for than if only teachers' salaries are paid. In the State of Arkansas there are children in rural schools that have not had schoolbooks for 3 years. If you bought schoolbooks for some of these children and met other school needs, $30,000,000 would fall away short of what is needed. It depends altogether on what we do, if that is a proper answer to your question.

Mr. President, I ask unanimous consent that Dr. Dawson's testimony and the tables submitted by him be printed in the RECORD as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

STATEMENT OF DR. HOWARD A. DAWSON, UNITED STATES OFFICE OF EDUCATION

Dr. DAWSON. Mr. Chairman and gentlemen, as I understand the matter, you would like me to tell you about the investigation that was conducted through the Office of Education to determine the extent of the emergency in public-school support this year, and where that emergency is, and some of the causes for it.

In the latter part of September, resulting from a conference of the Secretary of the Interior with the President, it was decided that the relief funds be made available up until January 31, or for a period of 3 months following that period of time, to pay the bills of those schools whose funds were exhausted, and at the same time specifications would be made to determine how big the emergency is, and where it is, and whether funds would be required after January 31.

So the Secretary of the Interior, in dealing with Miss Goodykoontz, who at that time was acting Commissioner before Dr. Studebaker came into office, initiated this study, and I was given charge of it.

We prepared two questionnaires. One of these went to rural school administrators, which in most States happened to be the county superintendents. Another questionnaire was prepared for independent and city school districts—that is, districts which are usually not considered in the States as being under the control of the rural school administrator, but which are independent units, so far as administration and taxation are concerned.

We received returns from somewhat over 39,000 of these districts in 26 States. These returns were then tabulated by districts. In the tabulations we excluded the data pertaining to all districts whose financial statement indicated upon analysis that they would be able to maintain their schools for a normal or customary school term in the year 1934–35, and as a result of those tabulations I found the following summary statement:

"As I said, we received replies from 32,139 school districts in 25 States that do not have sufficient funds to operate the schools for the customary number of months in 1934–35 as in the past."

Mr. BARDEN. May I interrupt just a minute, Mr. Chairman? Did you say there were 134,000 that needed funds?

Dr. DAWSON. No, sir; I said we got returns from 32,139 school districts in 25 States that need funds this year.

Mr. BARDEN. How many school districts were in those States?

Dr. DAWSON. Thirty-two thousand one hundred and thirty-nine in 25 States.

Mr. BARDEN. You mean all of the districts in the 25 States need it?

Dr. DAWSON. All of the school districts in these 25 States do not need it. There are probably at least 50,000 to 60,000 school districts in these 25 States.

Mr. BARDEN. That is what I am trying to get at.

Dr. DAWSON. In these school districts there are, in round numbers, 42,200 separate schools and 3,429,920 pupils, which is just about one-eighth of the total school enrollment in the public schools of the United States.

There are 467 of these districts in eight States that began the fiscal year July 1, 1934, without any money or without any credit or without any reasonable provisions being made for sending their pupils to other schools. In every case it was the judgment of the local administrator that other provisions could not be made this year for sending the pupils of these schools to other schools.

Those 467 districts, of course, came into this 3 months' program that the President set up, and there were others whose funds would become exhausted at the end of 1 month, 2 months, 3 months, and on up to 7 and 8 months. So the deficiency ranged all the way from not being able to have any school at all to falling short 8 or more months.

Mr. DEEN. What were those eight States? You said there were 467 districts.

Dr. DAWSON. In Arkansas there are 149 such districts, in Colorado 4, in North Dakota 162, in South Dakota 120, in Tennessee 1, which, by the way, is a county district, not a small one; in Texas 2, in Virginia 28, and in the State of Washington 1. The bulk of them, as you can see, are in Arkansas, North Dakota, and South Dakota.

Mr. FLETCHER. Were Alabama and Mississippi surveyed?

Dr. DAWSON. Yes; but they reported not any districts that did not have any money to start with. Some of them had very little, but they had some.

We also asked these local school administrators to report how much the deficit would be in the operation of the normal term. We had two statements: We had an income statement, and then we had an expenditure statement, extending that statement for the expenses of the customary or normal term. Then the question is, What is the difference between the customary expenses for a normal term? And, by the way, our check on customary expenses is what was spent last year on a monthly basis, so it is still within depression standards. The difference between the revenue and expenses gave the net or actual deficit.

The actual deficits reported amounted to $31,816,009, and, estimating the teachers' salary at the average monthly salary paid by the districts included in this list of distressed districts, the amount required to pay the salaries would be $20,998,874.

In addition to these 25 States, there are 6 States for which we do not have satisfactory reports on each of these local districts that were in distress, but we do have letters and reports and telegrams from the State superintendents of these States, and we do know what the conditions were last year and how much aid was extended to those States last year by the Relief Administration.

The estimated deficits of those 6 States are $5,500,000, which would make the total actually reported, plus the estimated deficits in 31 States, $37,316,000, and the amount required to pay the teachers' salaries, on the basis of the average monthly salaries in distressed districts in the respective States—for instance, the average salary in Mississippi is somewhere around $50 per month—the amount required was $24,544,874, both reported and estimated.

That gives you an idea of where the $30,000,000 figure originated. You can take it on that basis, if you are going to do anything to pay teachers' salaries in these States on which we have reports and for which we had some basis for making the estimates.

Mr. RABAUT. Do I understand you to say that they paid teachers $50 a month?

Dr. DAWSON. Surely. There were counties last year in which 25 percent of the teachers got $20 a month from the Relief Administration. I have the actual number of teachers in each of the States that were paid $20 a month, $25 a month, and $35, and so on.

Mr. FLETCHER. Were there not many teachers that taught without anything at all?

Dr. DAWSON. There were many that taught for nothing at all, because they thought the Federal Government was going to pay them, and they have not yet been paid.

Mr. LEE. That was on the basis of a 5 and 6 months' term.

Dr. DAWSON. Approximately, that is true.

Mr. BARDEN. Have you a schedule of the salaries paid in the various States to teachers, the average?

Dr. DAWSON. I have a table here which shows the average salaries paid by the States in these distressed school districts. I do not have a table with me that shows the range, for instance, from $25 up to $100, or whatever it is.

Mr. BARDEN. In North Carolina it is around $60, is it not?

Mr. RABAUT. What is the normal salary of these teachers?

Dr. DAWSON. The normal salary in most of these districts has never been very much more than reported here. It may have been 20 percent more, we will say. There are districts, of course, where the cut has been from 50 to 60 percent, but by and large these districts that we are dealing with here are not in any temporary emergency. The depression in educational opportunity has always existed with them, and it will after the depression is over if we continue the same system of organization and support that we have had in the past.

The CHAIRMAN. Then, whether there is an emergency or not, unless the Federal Government takes a hand in it, these teachers will never get a fair salary? That is your view of it?

Dr. DAWSON. I do not believe I would make that statement.

The CHAIRMAN. That seems to be the condition that exists.

Dr. DAWSON. Because when you say a fair salary, if you want to talk about it in terms of what it would be in Mississippi, that is one thing, but if you want to talk about it in terms of a national standard, it might be something else. It depends altogether on what is the standard.

The CHAIRMAN. What I mean is that the local communities are not endeavoring to get sufficient taxes to take care of the school teachers and the schools?

Dr. DAWSON. These local communities certainly cannot, by any reasonable tax, make adequate provision for schools. No; I would not agree with the implication of your question because, for the most part, these districts are in States where they have a constitutional or legislative maximum tax, and there is hardly an exception where they do not levy it, and if you will compare their tax rates with the tax rates in other States, you will find that they stand pretty well up. Most of the districts I am reporting to you are districts which last year received aid from the Federal Emergency Relief Administration. If intentionally, or by accident, the tax rate had been reduced in a district, it was denied any aid at all last year. So these districts have tax rates as high or higher than they have ever had before.

Mr. FORD. What limit did the Federal Emergency Relief Administration place upon the teachers last year, those that were aided?

Dr. DAWSON. They said, to start with, that they would pay contract salaries, and they did up until April 19, and then sent a telegram out to the State relief administrators, saying not to pay anybody over $100 a month. If the teacher had contracted for $20 a month, that is what she got; if she had contracted for $150 a month, after April 19 she was paid $100 a month. The maximum this year is $60 a month, but if a teacher has a contract for less than $60, that is all she gets.

Mr. FORD. There is one point I want to bring in there, in that connection. Would they permit a husband and wife to remain teaching, or would they replace one?

Dr. DAWSON. If a husband and wife were both teaching in the school system, one of them had to quit or teach for nothing. The same rule holds this year.

Furthermore, if a teacher had any source of income—let me say it this way. In order to be paid by the Federal Emergency Relief Administration a teacher's salary must be his or her sole source of income. Now, "sole source of income" receives various interpretations. We ran across a lot of cases where the relief officials said that if a teacher had $10 a month income from a rented house or something, her salary was not her sole source of income, and

the teacher has to quit or teach for nothing. Thirty-three and one-third percent of all the teachers in one county in Alabama that I know of were disqualified on the basis of being married or having some other source of income.

Mr. DONDERO. Don't you think that ruling was rather arbitrary?

Dr. DAWSON. I am not passing judgment. I did not have anything to do with making it. I am just telling you what it is.

Mr. DONDERO. I think this committee ought to help change it, just as a matter of justice.

Dr. DAWSON. That is a matter for the committee to decide. I can tell you what the facts are, and you can draw your own conclusions.

Mr. LEE. I think that is why we need a bill outlining a yardstick as to aid.

Dr. DAWSON. I want to call your attention to one other thing. The question has been brought up here in various ways, as to just what the States could and ought to do about this. If you will go down this list of States, you will find that the States that are in the greatest distress are the States which for years and years have been accustomed to give a larger amount of State support to education than the other States in this Union.

Alabama for 30 years has stood at the top of the list in State support of public education. Arkansas has always stood well up toward the top of the list. Back in 1927 and 1928, 38 percent of all the money spent for public schools in Arkansas came from State sources.

By and large the Southern States all stand high in State support.

Mr. LEE. How does Mississippi stand?

Dr. DAWSON. I can refer to the report here and tell you, but it is pretty well up on the list. I cannot tell you exactly.

The point that I am making is that the question is not altogether a question of complete State support or increased State support for schools. Alabama has for years and years spent more money from the State for public schools than the State of Indiana does now, but that has not kept them from having several thousand children in schools operating 6 months or less a year, with the teachers being paid $40 a month. I would just like to see the expert on public finance in this country that can go to Mississippi and say what taxes Mississippi can levy equitably, in addition to those already in force. I have heard experts in Federal offices say repeatedly that to save their souls they did not have the heart to say that Mississippi ought to levy any more taxes. What, in the name of sense, can you tax that is not already taxed higher than anybody else taxes it? You can take all the money in the State of Mississippi and put it into the schools, and you will still have teachers being paid $40 per month, with 6 months' terms. There are reported to be 2,000 communities in the State of Mississippi that do not even have a schoolhouse, but they have schools in the cotton pen, in the barns, and in the tenant shacks on the plantations.

Mr. RABAUT. That is true.

Dr. DAWSON. What I am saying to you is that there is something back of this besides State support. There is the question of the economic ability of the people. I have seen the figures, although I cannot quote them, and I had something to do with initiating the study. The experts making the study took the tax system set up by the National Tax Association, known as the "model taxation plan", and obtained the data on every item of taxation the tax experts say would make a model tax system. The same identical tax rates were applied for each of the 48 States and the District of Columbia. When the figures were completed, the richest State had more than eight times as much money per capita as the poorest State, after levying identically the same taxes on the same sources of wealth, income, or whatever you take. There is a considerable list of those taxes.

Yesterday I heard the question brought out here that we were not going to give any aid to States this year until the States took action, and that some of them had taken action. I would like to direct the attention of the committee to the fact that this is not the first time that the States have held sessions of their legislatures in which they have appropriated money to meet hard situations in the schools. They have been doing that for the last 100 years, and my candid judgment is, after having been in 20 or more of these States, that all of them had a plan worked out, and it would have gone through just as well without anybody on the outside asking them to do it.

The most that some of the States can raise is still very little. Arkansas was mentioned two or three times. I was the director of research in their State Department of Education for 7 years, and I do not think anybody can tell me any more about Arkansas than I already know. They raised $1,500,000 for relief. That left about $1,000,000 that they could raise for public schools. Now, the taxes levied by the State of Arkansas—and they are taxed at a maximum rate that was recommended by the finance experts in the Federal Emergency Relief Administration, after a detailed study—produce for the schools $1,000,000 only, and $400,000 of that will go into these distressed school districts, spread out on a per capita basis, and I admit it is just as silly a basis as can be, but that is the way it will be done. When the new taxes are all levied the State of Arkansas this time next year is going to be somewhere in the neighborhood of $750,000 short of enough money to keep their schools open for the customary or normal term, at a salary of about $50 a month for teachers.

Mr. FLETCHER. According to your statement, sooner or later during the emergency the Federal Government has got to participate, in cooperation with the States, in sustaining education in these communities; isn't that the conclusion?

Dr. DAWSON. We have got to do something about it. It depends on what we decide. It may be that we shall decide that people should grow up in ignorance.

Mr. FLETCHER. You say there is a legal limit to the taxes that can be imposed?

Dr. DAWSON. That is the point I am making. Some of the States are in an awful fix, and they cannot get out of it this year, cannot possibly get the money to do it.

Mr. BARDEN. You say in some instances they have applied every tax recommended?

Dr. DAWSON. Yes, sir.

Mr. BARDEN. What were those taxes?

Dr. DAWSON. Usually sales taxes, and in Arkansas there is the recent legalized liquor tax, and taxes on horse racing.

Mr. FLETCHER. They finally taxed chewing tobacco in Mississippi, didn't they?

Dr. DAWSON. There is a tax of 5 cents a package on cigarettes, and a 10-percent tax on all cigars in Arkansas, that has been in effect since 1923.

Mr. DONDERO. Doctor, viewing the vital importance of this whole problem of education as a national problem, ought there to be any quibbling about $30,000,000 or $40,000,000 being allotted to help them out, when two commodities of this Nation yield $3,000,000,000 in taxes to the National Government every year?

Dr. DAWSON. You are expressing my opinion about it, if that is what you mean.

Mr. BARDEN. North Carolina pays around $200,000,000.

Dr. DAWSON. Forty percent of the people who work in the industries and factories in the industrial areas of this country grew up on the farms and usually farms of other States. The industrial centers did not have to spend one dime to educate or furnish health service, food, and shelter for these people who now work in their factories but grew up in these other districts. They import them from the farms of the South, the Middle West, and the Rocky Mountain States. According to the statistics for the last decade, if the industrialized areas of this country had to depend upon the birthrate to keep their present rate of population, in 100 years many of them would be places for the bats and owls to roost, because the birthrate is so low. They do not have the responsibility for replenishing their own workers, but take them from the farms of the Middle West, South, and Rocky Mountain States.

My point is that if these folks are going to live in places where the wealth now is, why shouldn't the people who have the wealth be interested in what kind of people these folks grow up to be? I think it is an economic and social question, a great deal more than it is a political one.

Mr. GWYNNE. Do you agree with Dr. Studebaker as to the amount? Do you think $30,000,000 would be sufficient?

Dr. DAWSON. I am glad you asked me that. That would depend altogether on what we do. The Relief Administration, in granting aid to some States—for example, Oklahoma—this year, although it was not granted until nearly the first of March, agreed to make it retroactive to January 31. If by administrative ruling or consent of the President, or by law or otherwise, we were permitted to make the allocation of these funds retroactive to December 15 or January 1, the $30,000,000 would be hardly enough to do a decent job. If we have to take the money where we find it on April 1, I don't see how we could very well use $30,000,000.

But I would like to direct your attention to this: Take the State of Tennessee, for instance. I spent a week down there making an investigation a short time ago. They had Federal funds assigned to them last year, and they expect to have them this year. They have in an application, although no action has been taken on it. There are people who have been teaching there since the 15th of January without any hope whatever of being paid, unless the Emergency Relief Administration does pay them. I understand that in the last week or two some of them have given up the ghost and quit. They could not get their board any longer in the communities in which they lived.

If we made this proposition retroactive, to take care of the thousands of these teachers who in good faith have kept the schools open, believing, because of the announcement that was made last October, that the schools were going to be kept open, that the Federal Government would finally come across, we could come pretty near spending $30,000,000.

Furthermore, if this $30,000,000 is spent, not only for teachers' salaries but for transportation and for janitor hire, the schools will be much more adequately cared for than if only teachers' salaries are paid. In the State of Arkansas there are children in rural schools that have not had schoolbooks for 3 years. If you bought schoolbooks for some of these children and met other school needs, $30,000,000 would fall away short of what is needed. It depends altogether on what we do, if that is a proper answer to your question.

Mr. FLETCHER. In Arkansas do not the public utilities pay their share of the taxes?

Dr. DAWSON. Arkansas put a tax on them this time to buy schoolbooks for the children, a flat tax on all public-utility rates to pay for textbooks.

Mr. GWYNNE. When this $30,000,000 is turned over to the Commissioner of Education, I understand that you will get that money immediately where it is needed?

Dr. DAWSON. In 15 days we could get the money to the States where it is most needed and have the teachers on the pay roll.

Here is one other thing I think the committee should be aware of. Last year, in the administration of emergency relief funds,

the approval of the expenditures was in the hands of the State superintendent of public education. This year, up until 30 days ago, there was not a State superintendent of public instruction in the United States who even knew what the rules and regulations were, because the Relief Administration refused to send the rules to them, and the superintendent of public instruction has not more authority and no more right to take any initiative in the expenditure of this money than the janitor of this office building does. It is entirely and absolutely in the hands of the Relief Administration, the field examiners, and the field auditors, who are everything in the world except experts in school administration and finance. In some places, by the good graces of the Relief Administrator the State superintendent is called in once in a while and asked what he thinks about how a thing ought to be done. That is the administration of it this year.

Mr. BARDEN. This is a rather pointed question, but I think we ought to know it. Do you mean by that that there is an intentional lack of cooperation between the Administrator and the department of education or is it due to the lack of rules and law?

Dr. DAWSON. It is an intentional policy of not having the State superintendents of public instruction have anything to do with determining the eligibility of the community to have its teachers paid from relief funds, or having anything to do with the handling of this money or determining how it should be handled.

Mr. BARDEN. Do you subscribe to that policy?

Dr. DAWSON. I certainly do not.

The Relief Administration, under the present law, could not authorize the State departments of education to spend this money. The only thing I say is that they could authorize the State department of education, as they did last year, to deal directly with these districts in determining eligibility to make requests of the Relief Administration.

Mr. DONDERO. You could do it if Congress passed a law giving you the authority to do it?

Dr. DAWSON. Yes.

The CHAIRMAN. Have you any papers you want to file?

Dr. DAWSON. Yes. I will give them to the clerk.

(Dr. Dawson filed the following data:)

Estimated funds required by distressed school districts in 1934–35

[Prepared by the U. S. Office of Education]

State	All districts reported, excluding cities of 5,000 and more population		Including all distressed districts reported	
	Salaries at $60 per month	Total operating deficits	Salaries estimated at average in distressed districts in respective States	Total operating deficits
Alabama	$2,351,880	$3,374,038	$3,184,160	$3,614,901
Arizona	113,280	548,040	356,855	627,178
Arkansas	1,276,680	2,500,000	2,241,924	2,500,000
Colorado	87,900	339,136	178,207	368,609
Florida	407,580	627,481	605,464	859,335
Idaho	33,360	103,525	55,882	103,525
Iowa	3,780	12,725	4,094	12,725
Louisiana	78,300	267,654	107,089	267,653
Minnesota	63,540	208,907	96,764	208,907
Mississippi	2,010,180	2,703,708	1,905,562	2,708,708
Nebraska	87,000	267,118	120,505	267,118
New Mexico	73,200	180,000	95,700	180,000
North Dakota	883,013	1,348,352	1,005,954	1,400,615
Ohio [1]	1,636,640	[1] 9,000,000	3,548,512	9,000,000
Oklahoma	1,532,580	2,585,189	2,221,857	2,585,189
Oregon	85,320	181,275	131,406	181,275
South Dakota	342,600	1,200,000	829,282	1,200,000
Tennessee	667,380	1,057,230	900,083	1,132,640
Texas	899,400	2,030,519	1,370,194	2,239,883
Utah	150,360	424,058	351,288	424,058
Virginia	344,320	935,342	462,836	951,821
Washington	7,320	25,366	12,120	25,366
West Virginia	343,500	605,761	627,044	605,761
Wisconsin	261,600	375,000	457,456	[2] 200,000
Wyoming	25,860	89,500	78,635	150,743
Total reported	13,766,573	30,994,924	20,994,874	31,816,010
Other States (estimated): [3]				
Georgia	1,500,000	3,000,000	2,000,000	3,000,000
Kansas	96,000	200,000	150,000	200,000
Maine	125,000	300,000	150,000	300,000
Montana	126,000	200,000	150,000	200,000
Missouri	500,000	1,000,000	600,000	1,000,000
North Carolina	400,000	800,000	500,000	800,000
Total, States (estimated)	2,747,000	5,500,000	3,550,000	5,500,000
Total of States reported and estimated	16,513,573	36,494,924	24,544,874	37,316,010

[1] Data for Ohio are partially estimated for rural districts excluding cities of 5,000 population and over. A current deficit of over $36,000,000 was reported as of Oct. 28, 1934. It appears that a recent session of the legislature has relieved some of the distress in school finance.

[2] Deficits were not fully reported. The actual deficit is probably at least $500,000.

[3] Estimates are based on letters and reports or telegrams from the chief State school officers of these States.

Mr. TYDINGS. Mr. President, I have no desire to continue a debate about a matter which has already been decided by this body; neither have I any desire to carry on a personal discussion with the Senator from New Mexico. I still maintain, however, that in the States which have so-called "constitutional provisions" on the subject of taxation, those constitutional provisions deal primarily with real-estate taxation, and do not deal with taxation as a whole. I have been in many of these States, and after viewing the communities to which I refer, I have not seen any reason why they could not provide schools the same as other communities do.

If we are to have 48 State governments, I think it is a very bad system for some of the States to maintain their school systems in their entirety, paying all the expense, and then contribute to the expense of the school systems in the other States as well.

If such a system is to be adopted, we ought to pass a bill making a pro rata distribution to each State of the Union. Lincoln said before the Civil War that the Government could not endure permanently half slave and half free; and it is not fair to run the school system of the Nation with the Federal Government paying the school expenses of half the States, and the other States paying their own school expenses.

I am opposed to such a policy, and I stand by my guns. I think the criticism made the other day was apt and fitting, and I do not accept the statement that these States cannot maintain their educational systems.

Mr. CUTTING. Mr. President, of course, I cannot convince the Senator if he does not want to be convinced.

Mr. TYDINGS. The Senator has read the testimony as to only two States, to start with, and in his remarks the other day he referred to 21 States.

Mr. CUTTING. Thirty-one.

Mr. TYDINGS. I should like to know what the other 29 States are.

Mr. CUTTING. Would the Senator like to have me read the list?

Mr. TYDINGS. Yes.

Mr. CUTTING. They are Alabama, Arizona, Arkansas, Colorado, Florida, Idaho, Iowa, Louisiana, Minnesota, Mississippi, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Georgia, Kansas, Maine, Montana, Missouri, and North Carolina.

Mr. TYDINGS. Does the Senator believe that the State of Virginia cannot supply its own requirements for education?

Mr. CUTTING. I am sorry the senior Senator from Virginia [Mr. GLASS] is absent from the floor this afternoon. He stood here the other day and said that Virginia could take care of all her own school problems. Yet, unless something shall be done by the Federal Government, the schools in a great many districts of Virginia will close. It will take $935,000 to keep them open during the remainder of the present year, more than five times as much as the State of New Mexico would obtain under the benefits of this amendment.

Mr. HARRISON. Mr. President——

Mr. TYDINGS. Mr. President, I still have the floor, and I am going to continue the discussion for just a moment.

If the State of Virginia cannot maintain its public-school system, then no State in the Union can maintain its public-school system. Let me say to the Senator from New Mexico that if the State of Florida cannot maintain its public-school system, then no State in the Union can maintain a public-school system, because at Miami and Palm Beach all during the past winter, where people of wealth have gone, there is opportunity for the imposition of all kinds of taxes if the State wanted to levy taxes. I am opposed to cowardly legislatures which will not do their duty in providing funds necessary for keeping up their school systems, and passing the buck to the Congress of the United States to do it. I know that in the Senator's own State of New Mexico, taxed though it may be, there are many fields of taxation, not prohibited by the State constitution, which have not been explored, but which could be explored and new revenue obtained.

Mr. CUTTING. Mr. President, I do not know what the conditions are in the State of Florida or in the State of Virginia, and it has never been my habit to denounce States or to criticise them on the floor of the Senate when I do not know their internal conditions. I do know something about conditions in New Mexico, and New Mexico would get very little under the amendment.

Mr. TYDINGS. I do not refer to New Mexico particularly, but the other day the Senator set himself up as an expert above both the Senators who represent the State of Virginia, each of whom said that this fund was not necessary for his State; and, notwithstanding that, the Senator from New Mexico offered his amendment to take care of education in 31 States of the Union, when the two sitting Senators from Virginia said Virginia did not need it, even for relief purposes.

Mr. CUTTING. Mr. President, I did not even know the other day that Virginia was one of the States in the list. I learned that today.

Mr. TYDINGS. I am surprised that the Senator asked for an appropriation for 31 States when he did not even know what the 31 States were.

Mr. CUTTING. It was because the list had not been given out, as I informed the Senator then, and as I have informed him again today. Does the Senator deny the statement that is made as to the necessity for this fund?

Mr. TYDINGS. I say that if the State of Virginia cannot maintain its own educational system, I do not know of a State in the Union that can.

Mr. CUTTING. What about the State of Mississippi? I see the genial senior Senator from that State on the floor.

Mr. HARRISON. If the Senators will yield, I should like to talk about Mississippi.

Mr. TYDINGS. Mr. President, I know that if the present policy is to be continued, if the States which are now trying to take care of their State school systems are not to continue to support their own systems while they pay Federal taxes, which, in turn, are used to support school systems in other States, the result will be that we will have all the States coming to Washington to obtain money for their school systems.

Mr. HARRISON. Mr. President, can we not get to a vote on the pending question?

Mr. TYDINGS. In 5 more minutes we can. I do not talk frequently, and, inasmuch as the Senator from New Mexico has raised this point, I shall take a few minutes to discuss it.

The Senators from Virginia [Mr. GLASS and Mr. BYRD] rose on this floor in the midst of a public debate on relief and said that the State of Virginia could get along without any Federal relief money. Yet the Senator from New Mexico by his amendment would tax the people of Maryland to support the school system of the State of Virginia.

The Senators from Oregon are not in the Chamber at the present time, but I venture to say that per capita there is more unemployment in the State of Maryland than there is in the State of Oregon. There are 110,000 people on the relief rolls in Baltimore City alone, one-eighth of the population of the city of Baltimore. Yet we are not asking the Federal Government for money to keep open our schools, though only 12 States in the Union are contributing to Federal relief more than is the State of Maryland, even in the midst of all the unemployment within its borders. Ninety percent of the so-called "inability" of States to pay for the support of their school systems has been due to bad management and lack of courage on the part of those in charge of the State government to wring taxes out of the people in order to keep those systems going.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ROBINSON. Let me point out to the Senator from Maryland that in some of the States the school funds are in such a situation and the school revenues are in such a condition that there is no alternative except emergency Federal relief to closing down the schools. It may be that in Maryland the relief that is necessary takes another form. The Senator has referred to the fact that there are 110,000 persons in one city alone in his State who are on the relief rolls and receiving Federal emergency relief. A school teacher who is out of employment, whose services are absolutely necessary, who has no other means of livelihood, has just as meritorious claim for relief as one who is working at something else. The distinction which the Senator makes, that there is great virtue in applying emergency relief for the employment of particular classes in Baltimore City and denying it in other cities to persons of a different class—school teachers out of employment—is not a very clear one to my mind.

I recognize the fact that when they can do so the States ought to take care of all forms of relief, and insofar as I am informed there is no intention on the part of the relief authorities or agencies of making the school systems subservient to or dependent upon the Federal Government. This is an emergency measure, which is necessary, because of the fact that in most of the States which are receiving the benefit of relief for their school systems all forms of possible taxation have been exhausted, and it is not practicable, it is not possible, to obtain the revenues which are immediately required.

It is also true that during the better times which preceded the depression, out of an anxiety or desire to expand opportunities for education, some of the States which up until that time had no very difficult burden to bear respecting taxes made such expansions of their facilities that when the depression came their revenues were cut half in two, and there arose a deficit.

Then the legislatures of those States, the action of some of which I am familiar with, resorted to new and additional sources of taxation. They exhausted those new and additional sources. Taxes are still difficult to collect. While that condition prevails I do not see that there is any great virtue in denying to a man or woman who is teaching school, and who cannot get other employment, the opportunity to continue in the employment to which they are accustomed, particularly in view of the fact that it continues the process of education which would otherwise be suspended.

I thank the Senator for yielding.

Mr. TYDINGS. Mr. President, I do not think the remarks of the Senator from Arkansas altogether cover the case. In the first place, all the States in the Union are getting relief; but it just so happens that the State which I have the honor in part to represent here has received less relief than have other States, with the exception of 12. By that I mean it has contributed, through taxing its own people, more than other States in the Union have contributed of the proportion set aside for relief, with the exception of 12 States, while the States which are asking for relief for schools have contributed practically nothing toward relief. Many of the States have contributed less than 1 percent, while in Maryland the first year we did not go on relief until a late date, and then we contributed over one-half the relief money spent in our State.

Mr. ROBINSON. Mr. President, will the Senator yield again?

Mr. TYDINGS. I will yield for a question, because I desire to make a few remarks myself.

Mr. ROBINSON. I will only interrupt the Senate a moment. Mention has been made on the floor several times of the fact that some of the States have contributed a very small percentage of the amount which has been expended for relief. The State of Arkansas, through its legislature, recently appropriated the sum of between three million and five million dollars for relief, and it took that action in spite of the fact that taxes already were very heavy, and in spite of the further fact that it is very difficult to collect taxes. General conditions have substantially improved, however, and in a reasonable time we will be independent of Federal assistance in the operation of schools.

Mr. TYDINGS. I appreciate that. I come back to my original contention, which is that if the Federal Government, even under the guise of relief, is to support the school systems of the 48 States of the Union, and has already

started to support them in 31 States of the Union, the net result will be that the States which are now supporting their school systems will quit doing so. They will come to Washington so they may share in the funds being appropriated for that purpose. There will be no incentive to try to pay their own bills. They will be encouraged to come here.

Even the letter which the Senator from New Mexico has in his hand, and which he has read, shows that the neighboring State of Virginia perhaps cannot support its school system through State and local taxation. I do not believe that to be so, and, in all candor, I do not think the Senator from New Mexico believes it to be so. I think he will be fair enough to concede that if the Legislature of Virginia desires to do so it can raise sufficient taxes to keep the schools open in the State of Virginia.

Mr. CUTTING. Mr. President, I know nothing about the State of Virginia. As I just told the Senator, my interest in this case is national in character. It seems to me it is a national question whether or not we shall do anything for the sake of those of the younger generation, who, after all, will sooner or later have to pay the bill for most of the things we are doing. Is it not to the interest of the Nation to see that the school children in Mississippi, I will say, are kept in school during the remainder of the present year?

I quote again from Dr. Dawson, who says:

> You can take all the money in the State of Mississippi and put it into the schools, and you will still have teachers being paid $40 per month, with 6 months' terms.

I believe that must be a correct statement.

Mr. TYDINGS. Mr. President, I desire to make a prediction. I do not think it will frighten anyone, but I am going to make the prediction because I do not believe in one national system of education. I believe in 48 systems of education, where we have trial and error and get the best results from 48 trials and errors. I predict that we are embracing a policy which sooner or later will lead to the Federal Government taking over the whole national system of education, and some of the States which are now the beneficiaries of this policy may find they do not want the kind of national educational system which they will have to take whether they want it or not.

In my opinion, there is not a State in the Union which cannot pay the amount necessary to keep its schools open; but I know that many of the legislatures are shrinking from laying the necessary taxes because the legislators are afraid they will be defeated at a subsequent election. They are shirking their clear duty and are coming to Washington to get the easy money which we do not have any more than they have, nor do we have the nerve to levy the necessary taxes. All we are doing is building up a mountain of debt and weakening the Government's credit day by day, entirely oblivious of the fact that every dollar of it will have to be wrung out of the people through their sweat and toil in their various vocations and professions and occupations. I am opposed to the entire policy.

When we took over relief, we went pretty far. Relief is one thing; but I do not believe it is the business of the Federal Government to operate the school systems of the 48 States.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 935) to authorize the Secretary of War and the Secretary of the Navy to lend Army and Navy equipment for use at the national jamboree of the Boy Scouts of America, and it was signed by the Vice President.

REPEAL OF PUBLICITY SECTION OF REVENUE ACT OF 1934

The Senate resumed the consideration of the bill (H. R. 6359) to repeal certain provisions relating to publicity of certain statements of income.

Mr. HARRISON. Mr. President, I ask for a vote on the point of order raised by me.

The PRESIDING OFFICER. The question is, Shall the Senate sustain the point of order raised by the Senator from Mississippi [Mr. HARRISON] against the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE] on the ground that it contravenes the constitutional provision? [Putting the question.] The "ayes" have it, and the point of order is sustained.

The question recurs on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. LA FOLLETTE. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. AUSTIN. The Senator from Minnesota [Mr. SCHALL] is absent on account of a death in his family.

The senior Senator from Pennsylvania [Mr. DAVIS] is absent because of illness.

The senior Senator from Wyoming [Mr. CAREY] is absent on official business.

The Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. TOWNSEND], and the Senator from Vermont [Mr. GIBSON] are necessarily absent.

All these Senators if present would vote "yea."

The Senator from California [Mr. JOHNSON] is absent on account of illness. I am advised that if present he would vote "yea."

The Senator from Oregon [Mr. MCNARY] has a general pair with the Senator from New Hampshire [Mr. BROWN]. The Senator from Oregon [Mr. MCNARY] is detained on official business. I am not advised how either of these Senators would vote on this question.

Mr. NORBECK. On this question I am paired with the the senior Senator from Illinois [Mr. LEWIS]. If he were present he would vote "yea." If permitted to vote, I should vote "nay."

Mr. LOGAN. I have a general pair with the senior Senator from Pennsylvania [Mr. DAVIS]. If he were present he would vote as I intend to vote, and I am, therefore, at liberty to vote. I vote "yea."

Mr. BULKLEY. I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is necessarily absent. If he were present he would vote as I shall vote. I vote "yea."

Mr. MCKELLAR (after having voted in the negative). I have a general pair with the senior Senator from Delaware [Mr. TOWNSEND]. I am unable to obtain a transfer, and, therefore, must withdraw my vote.

Mr. RUSSELL. I have a pair with the senior Senator from California [Mr. JOHNSON]. If he were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. SHIPSTEAD. I inquire if the senior Senator from North Carolina [Mr. BAILEY] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. SHIPSTEAD. I have a pair with that Senator. I understand if he were present he would vote "yea." If permitted to vote, I should vote "nay."

Mr. FRAZIER. My colleague the senior Senator from North Dakota [Mr. NYE] is paired with the junior Senator from Illinois [Mr. DIETERICH]. If the Senator from Illinois [Mr. DIETERICH] were present he would vote "yea." If my colleague [Mr. NYE] were present he would vote "nay."

Mr. ROBINSON. The Senator from New Mexico [Mr. HATCH], the Senator from West Virginia [Mr. NEELY], and the Senator from New Hampshire [Mr. BROWN] are unavoidably detained from the Senate.

The junior Senator from Arkansas [Mrs. CARAWAY] and the junior Senator from Louisiana [Mr. OVERTON] are absent because of illness.

The Senator from Colorado [Mr. COSTIGAN] is detained because of a death in his family. If present, he would vote "yea."

The following Senators are necessarily detained from the Senate:

The Senator from North Carolina [Mr. BAILEY], the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the Senator from South Carolina [Mr. SMITH], the Senator from Florida [Mr. FLETCHER], the Senator from Oklahoma [Mr. THOMAS], and the Senator from North Carolina [Mr. REYNOLDS]. These Senators, if present, would vote "yea."

The result was announced—yeas 53, nays 16, as follows:

YEAS—53

Adams	Coolidge	Logan	Robinson
Ashurst	Copeland	Lonergan	Sheppard
Austin	Dickinson	McAdoo	Steiwer
Bachman	Duffy	McCarran	Thomas, Utah
Bankhead	George	McGill	Truman
Barbour	Gerry	Maloney	Tydings
Barkley	Glass	Metcalf	Vandenberg
Borah	Gore	Minton	Van Nuys
Bulkley	Guffey	Moore	Wagner
Bulow	Hale	Murphy	Walsh
Burke	Harrison	O'Mahoney	White
Byrd	Hastings	Pittman	
Byrnes	Hayden	Pope	
Connally	King	Radcliffe	

NAYS—16

Bilbo	Clark	Frazier	Norris
Black	Couzens	La Follette	Schwellenbach
Bone	Cutting	Long	Trammell
Capper	Donahey	Murray	Wheeler

NOT VOTING—26

Bailey	Fletcher	McNary	Schall
Brown	Gibson	Neely	Shipstead
Caraway	Hatch	Norbeck	Smith
Carey	Johnson	Nye	Thomas, Okla.
Costigan	Keyes	Overton	Townsend
Davis	Lewis	Reynolds	
Dieterich	McKellar	Russell	

So the bill was passed.

Mr. HARRISON. Mr. President, in view of the adoption of the amendment offered by the Senator from Colorado [Mr. COSTIGAN], I ask that the title be amended by striking out the word "repeal" and inserting the word "amend."

The VICE PRESIDENT. Without objection, the title will be so amended.

Mr. COUZENS subsequently said: Mr. President, the vote on House bill 6359 was taken without a quorum call. It seems to me it was rather unusual, when we were about to have a vote, not to have a quorum call to give us notice of the impending vote; but the matter to which I am about to refer is not so important that what I had intended to do then cannot be done now.

When the bill was reported from the Finance Committee I introduced and had printed an amendment which I intended to offer, but it appears that it was subject to a point of order. I am not disposed to argue that question. I do not disagree with the determination of the Senate that it was subject to a point of order; but I had intended, before the vote should be taken, to discuss for a moment my proposal to levy an excess-profits tax.

In order not to take up the time of the Senate at this late hour, I ask permission to insert in the RECORD, following the vote on the bill, a copy of the amendment I had intended to offer, a letter directed to me by Mr. L. H. Parker, of the Joint Committee on Internal Revenue Taxation, and a schedule of the proposed rates as they would affect a single corporation. I do this for the purpose of having in the RECORD a statement of the amount of taxes possible to be collected, and a typical schedule showing how the amendment would work with a specific corporation.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter referred to is as follows:

Amendment intended to be proposed by Mr. COUZENS to the bill (H. R. 6359) to repeal certain provisions relating to publicity of certain statements of income, viz: After line 5, add a new section reading as follows:

SEC. 2. (a) Section 702 of the Revenue Act of 1934 is amended to read as follows:

"SEC. 702. EXCESS-PROFITS TAX

"(a) There is hereby imposed upon the net income of every corporation for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under section 701, but not in respect to any income-tax taxable year ending prior to July 1, 1935, an excess-profits tax equal to the sum of the following:

"5 percent of such portion of its net income for such income-tax taxable year as is in excess of 8 percent and not in excess of 12 percent of the adjusted declared value of its capital stock;

"10 percent of such portion of its net income for such income-tax taxable year as is in excess of 12 percent and not in excess of 20 percent of the adjusted declared value of its capital stock;

"20 percent of such portion of its net income for such income-tax taxable year as is in excess of 20 percent and not in excess of 30 percent of the adjusted declared value of its capital stock;

"40 percent of such portion of its net income for such income-tax taxable year as is in excess of 30 percent of the adjusted declared value of its capital stock.

"The adjusted declared value of the capital stock of a domestic corporation (or in the case of a foreign corporation, the adjusted declared value of capital employed in the transaction of its business in the United States) shall be determined as provided in section 701 as of the close of the preceding income-tax taxable year (or as of the date of organization if it had no preceding income-tax taxable year). If the income-tax taxable year in respect of which the tax under this section is imposed is a period of less than 12 months, such adjusted declared value shall be reduced to an amount which bears the same ratio thereto as the number of months in the period bears to 12 months. For the purposes of this section the net income shall be the same as the net income for income-tax purposes for the year in respect of which the tax under this section is imposed.

"(b) All provisions of law (including penalties) applicable in respect of the taxes imposed by title I of this act, shall, insofar as not inconsistent with this section, be applicable in respect of the tax imposed by this section, except that the provisions of section 131 of that title shall not be applicable."

(b) Despite the provisions of this section, the tax imposed by section 702 of the Revenue Act of 1934 before its amendment by this section shall be levied, collected, and paid with respect to any income-tax taxable year ending prior to July 1, 1935, in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, March 21, 1935.

Hon. JAMES COUZENS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In response to your request for comments and statistics in respect to excess-profits taxes on corporations, with special reference to your amendment to H. R. 6359 proposing a graduated excess-profits tax based on the declared capital-stock tax value, the following is respectfully submitted:

I. FEDERAL EXCESS-PROFITS TAXES (1917 TO 1921)

Excess-profits taxes were imposed on corporations from 1917 to 1921, inclusive. In 1918 there was also imposed a war-profits tax, but the excess-profits tax was most productive. The amounts of these taxes shown on the original returns were as follows:

Excess-profits and war-profits tax

Returns for:	
1917	$1,638,748,000
1918	2,505,566,566
1919	1,431,806,000
1920	988,726,000
1921	335,132,000

Passing over the original excess-profits tax of 1917, it may be sufficient for your purposes to state that the excess-profits-tax rates for 1918 were—

Thirty percent on the amount of the net income in excess of 8 percent and not in excess of 20 percent of the invested capital; and

Sixty-five percent on the amount of the net income in excess of 20 percent of the invested capital.

For 1919, 1920, and 1921 the excess-profits tax rates were 20 percent on the amount of the net income in excess of 8 percent, and not in excess of 20 percent of the invested capital, and 40 percent on the amount of the net income in excess of 20 percent of the invested capital.

The principal administrative difficulty in respect to the excess-profits taxes in force from 1918 to 1921 arose in the matter of determining the amount of the invested capital. Briefly, "invested capital", as defined in the revenue acts applicable to these years, consisted of the actual cash paid into the corporation for its stock, plus the actual cash value of property paid in for stock, plus paid-in or earned surplus and undivided profits, and plus the actual cash value of intangible property paid in for stock (with certain limitations). The computation of invested capital under this definition, therefore, made it necessary to go back many years to determine the value of property and the cash paid in on organization, and furthermore necessitated the review of all the annual accounts of the taxpayer from the date of organization down to the taxable year in order to determine the amount of earned surplus and undivided profits.

II. PROPOSED EXCESS-PROFITS TAX

The amendment which you propose avoids the difficulties encountered in computing invested capital, because your excess-profits tax is based on the declared value of the capital stock under the Revenue Act of 1934. The original declared value was in no case made earlier than July 1, 1934, and only adjustments in that value since that date on account of actual additions to or subtractions from capital will have to be taken into account. There is already an excess-profits tax imposed by existing law equal to

5 percent of the amount of the net income in excess of 12½ percent of the adjusted declared value of the stock of a corporation. Your amendment simply replaces the 5-percent rate by a series of graduated rates, so that—

(1) The portion of the net income in excess of 8 percent, and not in excess of 12 percent, of the adjusted declared value is taxed at 5 percent;

(2) The portion of the net income in excess of 12 percent, and not in excess of 20 percent, of the adjusted declared value is taxed at 10 percent;

(3) The portion of the net income in excess of 20 percent, and not in excess of 30 percent, of the adjusted declared value is taxed at 20 percent; and

(4) The portion of the net income in excess of 30 percent of the adjusted declared value is taxed at 40 percent.

The selections of rates and brackets are, of course, entirely a matter of judgment. Probably considerably more revenue would be secured if the first bracket was based on the portion of the net income in excess of 6 percent, and not in excess of 12 percent, of the adjusted declared value, and if the tax rate for the first bracket was increased to 10 percent, and the rate for the second bracket to 15 percent.

The most serious objection which will be undoubtedly raised to your amendment will be that the adjusted declared value is an unfair basis and represents a mere guess on the part of the taxpayer based on future expected profits. The following arguments can be advanced against this objection:

(1) Estimated future profits are often a very good measure of present value. For instance, for many years the Bureau has almost exclusively valued mines on the basis of future expected profits.

(2) The old invested capital basis, aside from its difficulty of computation, was grossly unfair in many cases. A new corporation, recently organized, taking over old properties at an appraised figure, was in a far better position than an old company which had not gone through a reorganization.

(3) The taxpayer was given complete freedom in setting up the original declared value of capital stock. If a fair figure was not set, the taxpayer has only himself to blame.

(4) Statistics show that the aggregate declared value of corporate stock reported in 1934 is not unreasonable in the light of the facts shown by the balance sheets of all corporations and in consideration of present business conditions.

In explanation of paragraph (4) above, it should be stated that the aggregate declared value of the stock of all corporations reporting in 1934 was approximately $90,000,000,000. The par value of the corporate stock of all corporations in 1932 was $97,000,000,000. Cash on hand in 1932 amounted to 16 billion, plant and property accounts to 108 billion, and inventories to 12 billion, but bonded debts and mortgages amounted to 47 billion. Therefore, taken as a whole, the declared capital-stock tax value reported by the taxpayers in 1934 looks like a reasonable figure.

I would also call attention to the fact, in substantiation of the reasonableness of the $90,000,000,000 aggregate capital-stock value, that in 1919 corporations reporting invested capital returned an aggregate amount of $66,000,000,000 and in 1920 returned an aggregate amount of $68,000,000,000.

III. POSSIBILITIES OF REVENUE FROM EXCESS-PROFITS TAX

It is very difficult to estimate reliably the receipts from an excess-profits tax on corporations. This can readily be seen from the fluctuation in receipts for the years 1919, 1920, and 1921 from the old excess-profits tax, the figures for which have already been given. It will be noted that the receipts in 1921 from this tax were only about 25 percent of the receipts secured in 1919. Nineteen twenty-one was a very bad business year, and still the tax returned $335,000,000. I am inclined to think that the same form of tax under present conditions might return around $300,000,000. In respect to the receipts which might be predicted from the excess-profits tax proposed in your amendment, it is obvious that the receipts would be considerably below that which could be expected from the old excess-profits tax, inasmuch as the rate in the lower bracket is only 5 percent. It is probable, however, that the tax proposed, even under present conditions, would return at least $150,000,000. If you changed the rate in the first bracket to 10 percent and in the second bracket to 15 percent, and made the first-bracket rate apply to net incomes in excess of 6 percent of the fair value of the capital stock, then it is probable that your proposed tax would return about $250,000,000.

If there is any additional information which you desire, please advise me so that I may supply same if possible.

Very respectfully,

L. H. PARKER, *Chief of Staff.*

Example of how the prosperity-tax amendment would operate:

The Revenue Act of 1934 provides that a corporation shall declare its value. We assume in this example that this corporation declared its value as of July 1, 1934, and the declaration was of $900,000. The revenue act provided also that the "adjusted declared value" would be determined by adding to the original declared value the cash paid in since value was declared. We assume here that $100,000 of cash was paid in so that by adding the original declared value of $900,000 and the cash paid in of $100,000 we get an "adjusted declared value" of $1,000,000.

The adjusted declared value becomes the base upon which the net profit of the corporation is estimated. We assume in this case that the net profit was $220,000. That would mean a net profit rate of 22 percent.

The prosperity-tax amendment provides that the profits up to 8 percent are exempt from the prosperity tax. Therefore in this case 8 percent of the declared value would be $80,000. On this portion of the net income there would be no prosperity tax.

The prosperity-tax amendment provides that the profits of from 8 to 12 percent shall be taxed at 5 percent. As this corporation had total net profits of 22 percent, it would be taxed on the entire bracket of 8 to 12 percent. In other words, it would be taxed on 4 percent of $1,000,000, or $40,000 at 5 percent, or $2,000 of tax.

The prosperity-tax amendment provides that the profits of from 12 to 20 percent shall be taxed at 10 percent. As this corporation had net profits of 22 percent, it would be taxed on the entire bracket. In other words, it would be taxed on 8 percent of its capital of $1,000,000, or $80,000 at 10 percent, or $8,000 of tax.

The amendment provides that all profits of 20 to 30 percent shall be taxed at 20 percent. This corporation had 22 percent net income, so that it would pay on only 2 percent at this rate. Two percent of $1,000,000, or $20,000 at 20 percent, or $4,000 of tax.

The recapitulation would be as follows:

	Prosperity tax
$80,000, no tax	None
$40,000, 5 percent	$2,000
$80,000, 10 percent	8,000
$20,000, 20 percent	4,000
$220,000 net income	14,000
Corporation profits tax of 13¾ percent of income of $220,000	30,250
Total tax paid by corporation on net income	44,250

Prosperity tax (Couzens amendment to H. R. 6359). Hypothetical case of corporation with capital-stock value of $100,000

Net income	Percent profit on capital	Corporation profits tax	Computation of prosperity tax	Prosperity tax	Total	Percent total tax to net income
$1,000	1	$137.50	$0	0	$137.50	13.75
$5,000	5	687.50	$0	0	687.50	13.75
$8,000	8	1,100.00	$0	0	1,100.00	13.75
$10,000	10	1,375.00	$2,000 at 5 percent	$100	1,475.00	14.75
$15,000	15	2,062.50	$4,000 at 5 percent $3,000 at 10 percent	500	2,562.50	17.08
$20,000	20	2,750.00	$4,000 at 5 percent $8,000 at 10 percent	1,000	3,750.00	18.75
$25,000	25	3,437.50	$4,000 at 5 percent $8,000 at 10 percent $5,000 at 20 percent	2,000	5,437.50	21.75
$35,000	35	4,812.50	$4,000 at 5 percent $8,000 at 10 percent $10,000 at 20 percent $5,000 at 40 percent	5,000	9,812.50	28.04
$50,000	50	6,875.00	$4,000 at 5 percent $8,000 at 10 percent $10,000 at 20 percent $20,000 at 40 percent	11,000	17,875.00	35.75
$75,000	75	10,312.50	$4,000 at 5 percent $8,000 at 10 percent $10,000 at 20 percent $45,000 at 40 percent	21,000	31,312.50	41.75
$100,000	100	13,750.00	$4,000 at 5 percent $8,000 at 10 percent $10,000 at 20 percent $70,000 at 40 percent	31,000	44,750.00	44.75

Rates of prosperity tax—Profit computed on declared value of capital stock

	Percent
Up to 8 percent profit	No tax
8 to 12 percent profit—5 percent on excess profit over	8
12 to 20 percent profit—10 percent on excess profit over	12
20 to 30 percent profit—20 percent on excess profit over	20
30 percent or more profit—40 percent on excess profit over	30

Mr. HARRISON. I move that the Senate insist upon its amendment, ask for a conference with the House, and that the Chair appoint conferees on the part of the Senate.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, may I ask the Senator from Mississippi if he has had any advice as to whether the Senate amendment might not be agreed to by the House?

Mr. HARRISON. I have none, but I should like to have the Treasury officials appear before the conferees. It may be necessary to remodel and change the amendment, and I desire to obtain their advice about it. That is why I have asked for the appointment of conferees.

Mr. LA FOLLETTE. It seems to me it is an unusual procedure for the Senate to ask for a conference in advance of action on the part of the House.

The VICE PRESIDENT. The Chair will say to the Senator from Wisconsin that it only changes the situation in one respect, and that is that if the Senate requests a conference the House will then, under the rule, act first on the conference report. Of course, if the House desires to agree

to the amendment of the Senate it has the right so to do, and that would obviate the necessity for a conference.

Mr. LA FOLLETTE. I realize that; but it would seem to indicate an unnecessary action on the part of the body which adopted the amendment. I hope the action will not be taken, because there is a possibility that the House may decide to accept the amendment.

Mr. HARRISON. The House may do that anyway, despite this action of the Senate.

Mr. LA FOLLETTE. Since the Senator has been in such a hurry, it seems to me that would be the correct way to accelerate the progress of the legislation.

The VICE PRESIDENT. The Chair hears no objection.

Mr. COUZENS. Mr. President, do I understand that the request of the Senator from Mississippi was agreed to?

The VICE PRESIDENT. No; the Chair asked whether there was objection. The Chair will put the question again. Is there objection? The Chair hears none; and the Chair appoints the Senator from Mississippi [Mr. HARRISON], the Senator from Utah [Mr. KING], the Senator from Georgia [Mr. GEORGE], the Senator from Michigan [Mr. COUZENS], and the Senator from New Hampshire [Mr. KEYES] conferees on the part of the Senate.

Mr. COUZENS. Mr. President, I desire to resign as a member of the conference committee. I am not in sympathy with the action taken by the Senate, and I have very definite convictions about conferees serving when they are not in sympathy with the action of their body.

Therefore, I desire to resign as a conferee.

Mr. HARRISON. Mr. President, as I understand, the Senator from Michigan is in sympathy with the amendment which was offered by the Senator from Colorado [Mr. COSTIGAN]. That is all that will be in conference, unless the House should concur in the Senate amendment.

Mr. COUZENS. Then, again, I will say in answer to the Senator from Mississippi, I do not agree with this procedure, although I recognize that it is the procedure which was adopted in connection with the passage of the work-relief joint resolution. I recall that when we passed the work-relief joint resolution last Saturday night the Senator from Virginia [Mr. GLASS] rose and made the same request which the Senator from Mississippi now makes. As was stated by the Senator from Wisconsin, it is a rather unusual procedure; and I do not desire to serve as a conferee.

Mr. ROBINSON. Mr. President, referring to the statement of the Senator from Michigan that it is an unusual procedure for the Senate to insist upon its amendments and ask for a conference with the House, I desire to say that it is the usual procedure. It is action which is more generally taken than not taken.

Has this matter been concluded?

The VICE PRESIDENT. The Chair thinks the RECORD will show that it is more generally done than otherwise. As the Chair understands, it merely makes a change in the order in which the Houses act on the conference report. If the House should concur in the Senate amendment, there would be no occasion for a conference.

Let the Chair say that it now becomes the Chair's duty, as he understands, to substitute some Senator for the Senator from Michigan [Mr. COUZENS] on the conference committee. The Senator from Michigan and other Senators realize that ordinarily the Chair does not appoint conferees. The conferees are suggested by the Senator in charge of the bill, and the Chair formally appoints the Senators whose names are sent up by the Senator in charge of the bill. Otherwise, the Chair might exercise his discretion with reference to those who are in sympathy with the bill and those who are opposed to it.

The Senator from Michigan having resigned as a member of the conference committee, the Chair appoints in his place the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. Mr. President, I desire to retire for the same reason stated by the Senator from Michigan.

The VICE PRESIDENT. The Chair will substitute for the Senator from Wisconsin the Senator from Rhode Island [Mr. METCALF].

Mr. LONG. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. We ourselves have some interest in this matter. Have not I a right to object to having five conferees appointed who were against the Senate amendment?

I think the two Senators who have just resigned as conferees are making a mistake. They are putting us in a position where we shall not have a friend on the conference committee. I insist that the Senator from Michigan should stay on the conference committee.

The VICE PRESIDENT. If the Senator from Louisiana can compel the Senator from Michigan to perform any duties he does not desire to perform, the Chair wishes he would go about it. [Laughter.]

PRESENTATION OF MEDAL OF HONOR TO MAJ. GEN. A. W. GREELY

Mr. ROBINSON. Mr. President, yesterday was the ninety-first birthday of Maj. Gen. Adolphus W. Greely. On that day the Congressional Medal of Honor was conferred on that very distinguished citizen and soldier.

I ask that there be printed in the RECORD, in connection with my remarks, a statement by Brig. Gen. William Mitchell, which was read on the occasion of the presentation of the medal.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY BRIG. GEN. WILLIAM MITCHELL ON THE OCCASION OF THE PRESENTATION OF THE CONGRESSIONAL MEDAL OF HONOR TO MAJ. GEN. ADOLPHUS WASHINGTON GREELY, ON HIS NINETY-FIRST BIRTHDAY, MARCH 27, 1935

Maj. Gen. Adolphus Washington Greely, retired, has just been decorated with the Congressional Medal of Honor, the greatest token of appreciation in the gift of the United States Government. General Greely, in the ninety-first year of his life, has indeed deserved well of his country.

He was born in 1844, at which time our country contained only 20,000,000 people. We had really not extended west of the Mississippi. Commodore Perry had not yet gone to Japan. It was 2 years before our war with Mexico.

When the war between the States broke out in 1861, Greely, although under age, enlisted when he was 17. He first saw enemy fire at Balls Bluff, near Leesburg, Va. When the Army of the Potomac was organized the Nineteenth Massachusetts, to which he belonged, became a part of it, and he participated in the Peninsular Campaign and in the Seven Days Battles, where he distinguished himself and was wounded. At Antietam he discovered a flank attack against his regiment and called attention to it, fearlessly exposing himself to enemy fire. He thus saved not only his regiment but his whole brigade from a serious disaster. He was badly wounded and left on the field. A Confederate soldier attempted to capture him, but he escaped and made his way under the trajectory of the fire of Rickett's Battery, up a ravine, to the Union lines. As soon as he recovered from his wounds he rejoined his organization.

At the Battle of Fredericksburg a pontoon bridge, being laid opposite the town, was destroyed by Confederate fire and it was decided to force a crossing in individual boats. Greely was in the first one. He was in command of the patrol that went up the main street of Fredericksburg, the forlorn hope that held on until relieved by other troops. In this battle, out of 300 men in his regiment 108 were killed or wounded. Greely himself was wounded, but kept with his company B, of the Nineteenth Massachusetts, which had been first in the city and the last to get out. For this he was promoted from corporal to sergeant.

Later on he became a captain, and served during reconstruction days in New Orleans, where there was a terrible yellow-fever epidemic. After the war he was assigned duty in the West and served against the Indians. In 1867 he was detailed to the Signal Corps and, on account of his technical knowledge, was given the task of building the first telegraph line through to the Pacific coast, which was completed to San Diego, Calif. After this he built telegraph lines to Oregon through a trackless waste and a country infested by hostile Indians.

When the United States became a party to an international agreement for the establishment of circumpolar stations for meteorological observations and discoveries, General Greely was given command of the United States detachment, which established the farthest north colony that ever existed. It was in Grinnell Land, in latitude 81°44′. There they established a new record of the "farthest north" attained up to that time, at latitude 83°24′ N. This was accomplished by Lieutenant Lockwood, who gave up his life in the north, and Sergeant Brainard, now Brig. Gen. David L. Brainard, retired, who is present here today, and who, next to General Greely himself, was the hero of the Arctic expedition. The previous record had been held for over 300 years by Great Britain. Greely himself discovered vast territories never before seen by civilized man.

For 2 years, unsupplied by any relief expeditions from the United States, Greely held out at his station. At length, in accordance with his orders, he led his expedition in small boats through the treacherous waters of the northern seas, overcoming

seemingly insurmountable obstacles of cold, storm, ice, and fatigue, until they reached Cape Sabine, 200 miles farther south. Here they made camp to await the promised relief expedition of that year, which never came, as the ship was lost. Abandoned, destitute, starving, they held out under Greely's indomitable leadership, with excellent discipline, cohesion, and performance of duty to the last. Out of the original 25, only 7 were found alive, and they had only a few more hours of life left in them when rescued in the nick of time by Captain Schley and Lieutenant Emory, of the Navy, in 1884. The foresight, wisdom, acumen, ability, and devotion to duty which Greely showed in the handling of his men has never been excelled, and the story of this expedition, its accomplishments, and its record of human endeavor and steadfastness in the face of privation and disaster, stands alone in human annals, and forms an everlasting monument to American manhood.

After this expedition and an interval during which he visited Europe and perfected his knowledge of meteorology and electricity, Greely was put in charge of the United States Signal Corps, which he built up to a standard of preeminence in the world. He was the first to have recording instruments constructed, and really established the electrical field communication in our Army down to regiments. At the beginning of the Spanish War, as he was charged with the collection and dissemination of military information, he made arrangements with foreign cables, so that he found where the Spanish Admiral Cervera's fleet was 10 days before the Navy had any knowledge of it. He reported to President McKinley that the Spanish fleet was in Santiago Harbor and advised him to attack Santiago, destroy the garrison and fleet, and thus bring the war to an end quickly. Against the advice of others, President McKinley adopted Greely's plan, which led to a quick termination of the War with Spain.

General Greely persuaded Professor Langley, of the Smithsonian Institution, to build the first man-carrying airplane and obtained the appropriation from Congress for it. His letter asking for it, in the light of what has happened since, was prophetic.

General Greely's intuitive strategical sense showed him what an important place Alaska was to the United States, in its relations and dealings with Asia, and in the first years of the twentieth century, he pushed the completion of telegraph and cable lines through that whole territory, carrying the work to a successful conclusion against difficulties formerly thought insurmountable.

In 1903, Greely proposed and organized the first international radio conference, when many were thinking that radio telegraphy was a joke.

Greely was made a major general of the line of the Army, and was stationed in San Francisco at the time of the earthquake. When the quake actually occurred he was temporarily absent on duty, but quickly returned and through his knowledge of the handling of civil populations, contributed in a marked degree to the relief of the people and the rehabilitation of that great city.

His last service was in command of the last campaign we had against the Indians, the Ute campaign of 1907. So ably was it handled that not one person was killed, and no property was destroyed.

This great man, our greatest living American, in my opinion, is 91 years old today, March 27. During his life, he has either participated in or known men who were prominent in all the great undertakings of this country, from the Revolutionary War to the present day. He has actually known and talked with soldiers of the Revolutionary War. His life, patriotism, accomplishments, and Americanism must and always shall be an example to the youth of the United States, while his friendship, fellowship, guidance, and unalterable devotion to duty has always been an inspiration to those who served with him, and will be an example to those who serve in the armed forces of our great Republic in the future.

CALIFORNIA-PACIFIC INTERNATIONAL EXPOSITION

Mr. McADOO. Mr. President, I ask unanimous consent for the immediate consideration of House Joint Resolution 174. As I have heretofore explained, the measure simply confers upon the San Diego exposition authority to bring into this country, free of duty, exhibits from foreign countries. It is the usual procedure adopted in case of all expositions. The same privilege was extended to the Chicago exposition.

I understand that there is no objection to the joint resolution, and I should be very glad to have it considered at this time.

The VICE PRESIDENT. The Senator from California asks unanimous consent for the present consideration of a joint resolution, which will be read by title.

The CHIEF CLERK. Joint resolution (H. J. Res. 174) to permit articles imported from foreign countries for the purpose of exhibition at the California-Pacific International Exposition, San Diego, Calif., to be admitted without payment of tariff, and for other purposes.

The VICE PRESIDENT. The Chair understands that a similar measure has been reported by the Finance Committee of the Senate. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That all articles which shall be imported from foreign countries for the purpose of exhibition at the international exposition to be held at San Diego, Calif., beginning in May 1935, by the California-Pacific International Exposition Co., or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exposition, upon which articles there shall be a tariff or customs duty shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition, to sell within the area of the exposition any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles, which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within 3 months after the close of the exposition, any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further*, That articles, which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That the California-Pacific International Exposition Co. shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for, articles imported under the provisions of this act, shall be reimbursed by the California-Pacific International Exposition Co. to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

On motion of Mr. McADOO, the bill (S. 1990) to permit articles imported from foreign countries for the purpose of exhibition at the California-Pacific International Exposition, San Diego, Calif., to be admitted without payment of tariff, and for other purposes, was ordered to be indefinitely postponed.

ORDER OF BUSINESS

Mr. ROBINSON. Mr. President, it had been expected that the next order of business would be reached sufficiently early in the day to be disposed of, but the Senate has just concluded the consideration of the so-called "pink slip" bill, and, in my judgment, it is now too late to proceed with the next order. I had hoped we might dispose of that and take a recess over the week-end. We have, it seems to me, taken much more time in disposing of the bill referred to than was to be expected.

It is hoped that tomorrow the calendar may be called for the consideration of unobjected bills, pursuant to the agreement which has been entered, and that the opportunity will arise for the consideration of the agricultural appropriation bill. When that shall have been done, unless some reason now unknown to me shall arise, I shall expect to move a recess or adjournment until next Monday.

PERSONAL STATEMENT BY SENATOR HARRISON

Mr. HARRISON. Mr. President, I would have addressed the Senate briefly some time prior to this late hour during the day if I had not been so anxious to have the Senate act on the matter just disposed of.

There appeared in the paper this morning, in the so-called "Daily Washington Merry-go-Round", written by Mr. Drew

Pearson and Mr. Robert S. Allen, an article to which I wish to call attention. I understand from Mr. Allen personally that he did not know anything about the article. By inference an injustice has been done to my name, and only for that reason do I rise to reply.

The article reads:

An important factor holding up the President's extensive plan for the reconstruction of Puerto Rico is an insignificant provision tucked away in the Jones-Costigan Sugar Act. It prohibits any new sugar refineries on that island, and it was slipped into the bill at the last moment by PAT HARRISON at the behest of the powerful sugar lobby.

Mr. President, ordinarily I never reply to anything that appears in the papers, but this is so mendacious, it is so willful, it is so misleading and untruthful, it is such a damnable lie, may I say, that I cannot pass it by unnoticed.

These columns written by Mr. Pearson and Mr. Allen, which appear in many papers of the country, and have for some time, have constantly carried criticisms aimed at me due to the fact that a gentleman from my State, a former Member of Congress, a man of the highest character, Judge T. Webber Wilson, was appointed judge in the Virgin Islands. He has made a very splendid record there; but throughout his service he has been the target of the Department of the Interior, from the Secretary of the Interior down, even though Judge Wilson is serving under the Department of Justice, and it so happens that the controversy is one in which Mr. Drew Pearson, one of these columnists, is interested.

It is Mr. Pearson's father who is now, and has been throughout this Democratic administration, Governor of the Virgin Islands. I do not know Mr. Pearson, the Governor of the Virgin Islands, personally, and I am not the partisan I used to be; but I am still that kind of a partisan who believes that when the Republicans are in control of the Government the Governor of the Virgin Islands should be a Republican Governor, or one who has Republican leanings. I believe, too, that when the Democratic Party is in control of the Government, that office ought to pass into Democratic hands. I have so expressed myself to the Secretary of the Interior as well as to the President. Those sentiments are not appreciated by the Secretary of the Interior, Governor Pearson, or his son Drew.

The Senator from Maryland [Mr. TYDINGS] has offered a resolution for an investigation into the situation in the Virgin Islands. I merely wish to have the country know that these audacious, misleading, incorrect statements carried in the Merry-go-Round, written by Mr. Drew Pearson, are written because of a motive, a desire to try to stand in with "Honest Harold", as the Secretary of the Interior has been nicknamed, and do injustice to everyone who may not be in accord with their plans.

In conclusion, permit me to say that the record will disclose—and those Senators who were interested and in touch with the movements and considerations of the Jones-Costigan legislation know—that I offered no such amendment, and was instrumental in no such scheme as suggested in the article.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. THOMAS of Utah, from the Committee on Foreign Relations, reported favorably Executive E (69th Cong., 2d sess.), a convention for the unification of certain rules relating to bills of lading for the carriage of goods by sea and a protocol of signature thereto, signed on behalf of the United States at Brussels on June 23, 1925, with an understanding, and submitted a report thereon (Ex. Rept. No. 2, 74th Cong., 1st sess.).

Mr. BURKE, from the Committee on the Judiciary, reported favorably the nomination of Walter Bragg Smith, of Alabama, to be United States marshal, middle district of Alabama, to succeed Douglas Smith, removed.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar. If there be no further reports of committees, the calendar is in order.

INTER-AMERICAN ARBITRATION

The Chief Clerk proceeded to read Executive F (73d Cong., 2d sess.), a general treaty of inter-American arbitration, signed at Washington on January 5, 1929.

Mr. ROBINSON. Mr. President, I ask that the treaty go over.

The VICE PRESIDENT. Without objection, the treaty will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations of postmasters are confirmed en bloc.

RECESS

Mr. ROBINSON. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Friday, March 29, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 28 (legislative day of Mar. 13), 1935

POSTMASTERS

SOUTH DAKOTA

Florence Ferguson, Canton.
Clarence J. Curtin, Emery.
Harry H. Jarl, New Effington.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 28, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, Thou who dost weigh the mountains in scales and the hills in a balance, put Thy wise, merciful, and sovereign hand upon us. To live without Thee is to lay the ax at the root of the tree of strength and the blessedness of humanity. We praise Thee for the Christ of God, who laid the foundation of immortal life, and will never forsake the work of His hands. In these appealing days of His earthly journey, may we walk with Him. Cleanse us from all unrighteousness; make clean our hearts within us, and the raiment of our daily lives above reproach. We beseech Thee to set us free from the errors of prejudice, passion, and the perversions which mar the integrity of our souls. Almighty God, Thou hast made of one blood all nations; Thou art the Father in heaven and earth. This was proclaimed ages ago and committed to the winds on the shore lines of Galilee. So dwell with us that we may honor all men—the humblest, the feeblest, the most obscure. And, blessed Lord, keep this truth in all hearts: "The path of the just is as a shining light." And Thine shall be the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

COMMITTEE ON MILITARY AFFAIRS

Mr. ROGERS of New Hampshire. Mr. Speaker, by direction of the Committee on Military Affairs, I ask unanimous consent that the committee may continue its meeting today while the House is in session.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

CONGRESSIONAL MEDAL OF HONOR TO GENERAL CREELY

Mr. ROGERS of New Hampshire. Mr. Speaker, the gentleman from South Carolina [Mr. McSWAIN], Chairman of the Committee on Military Affairs, is absent today on account of important business, and on his behalf, Mr. Speaker, I ask unanimous consent that he may have permission to extend his remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. McSWAIN. Mr. Speaker, on yesterday at 6 o'clock at his residence, 3131 O Street NW., there was presented to Maj. Gen. Adolphus Washington Greely, United States Army, retired, the medal of honor which was recently voted by both Houses of Congress to be presented to this distinguished citizen and soldier by the President of the United States.

Due to the absence of the President from the city, and at his request, this token of the esteem in which the Congress and the country hold this veteran of many campaigns, this pioneer among polar explorers, and this bold adventurer in the field of science, was presented by the Honorable George H. Dern, Secretary of War. Simple but appropriate military ceremonies accompanied this presentation. Distinguished soldiers, sailors, and citizens were present. Among them was Admiral Richmond P. Hobson, himself a distinguished citizen and leader of public thought. Present also were the Honorable JOSEPH T. ROBINSON, United States Senator from the State of Arkansas, who introduced a bill in the Senate of the United States to confer this honor upon General Greely. I make acknowledgment to Senator ROBINSON of his fairness and courtesy in saying to me at the time he introduced his bill that he expected that the bill which I had introduced in the House of Representatives, if the House would pass it in due season, would be passed upon his motion by the Senate. I sincerely thank Senator ROBINSON for such kindly deference and such generous courtesy.

Mr. Speaker, I must confess that the introduction by myself of a bill to honor General Greely at this late date was not an original thought with me. In fact, I took it for granted that General Greely had thus been honored by the Congress and the President long ago. I think all will agree with me that I was reasonable in this assumption, because if there ever was a soldier who deserves well of his country, who is entitled to the gratitude of this Republic, it certainly is General Greely. I gladly acknowledge that the suggestion was made to me by Brig. Gen. William Mitchell, United States Army, retired; and upon his suggestion I promptly acted, and I am proud that the committees of both the House of Representatives and the Senate, and that both Houses themselves, have approved this bill, and that the President signed it so promptly and gladly. I believe it would have made the President happy to have himself presented this simple token of the appreciation of his countrymen to General Greely. I am sure that the President would have rejoiced had he beheld the joy and gratitude of General Greely and of his immediate family.

Mr. Speaker, Gen. William Mitchell has prepared a brief statement of some of the services of General Greely and I am extending my remarks by permission of the House by asking that this statement by General Mitchell may be printed in the CONGRESSIONAL RECORD.

STATEMENT BY BRIG. GEN. WILLIAM MITCHELL ON THE OCCASION OF THE PRESENTATION OF THE CONGRESSIONAL MEDAL OF HONOR TO MAJ. GEN. ADOLPHUS WASHINGTON GREELY ON HIS NINETY-FIRST BIRTHDAY, MARCH 27, 1935

Maj. Gen. Adolphus Washington Greely, retired, has just been decorated with the Congressional Medal of Honor, the greatest token of appreciation in the gift of the United States Government. General Greely, in the ninety-first year of his life, has indeed deserved well of his country.

He was born in 1844, at which time our country contained only 20,000,000 people. We had really not extended west of the Mississippi. Commodore Perry had not yet gone to Japan. It was 2 years before our War with Mexico.

When the war between the States broke out in 1861, Greely, although under age, enlisted when he was 17. He first saw enemy fire at Balls Bluff, near Leesburg, Va. When the Army of the Potomac was organized, the Nineteenth Massachusetts, to which he belonged, became a part of it and he participated in the Peninsular campaign and in the seven days' battles, where he distinguished himself and was wounded. At Antietam he discovered a flank attack against his regiment and called attention to it, fearlessly exposing himself to enemy fire. He thus saved not only his regiment but his whole brigade from a serious disaster. He was badly wounded and left on the field. A Confederate soldier attempted to capture him but he escaped and made his way under the trajectory of the fire of Rickett's battery up a ravine to the Union lines. As soon as he recovered from his wounds he rejoined his organization.

At the battle of Fredericksburg a pontoon bridge being laid opposite the town was destroyed by Confederate fire, and it was decided to force a crossing in individual boats. Greely was in the first one. He was in command of the patrol that went up the main street of Fredericksburg, the forlorn hope that held on until relieved by other troops. In this battle, out of 300 men in his regiment, 108 were killed or wounded. Greely himself was wounded but kept with his company, B, of the Nineteenth Massachusetts, which had been first in the city and the last to get out. For this he was promoted from corporal to sergeant.

Later on he became a captain and served during reconstruction days in New Orleans, where there was a terrible yellow-fever epidemic. After the war he was assigned duty in the West and served against the Indians. In 1867 he was detailed to the Signal Corps, and on account of his technical knowledge was given the task of building the first telegraph line through to the Pacific coast, which was completed to San Diego, Calif. After this he built telegraph lines to Oregon through a trackless waste and a country infested by hostile Indians.

When the United States became a party to an international agreement for the establishment of circumpolar stations for meteorological observations and discoveries, General Greely was given command of the United States detachment which established the farthest north colony that ever existed. It was in Grinnell Land, in latitude 81°44'. There they established a new record of the farthest north attained up to that time, at latitude 83°24' N. This was accomplished by Lieutenant Lockwood, who gave up his life in the north, and Sergeant Brainard, now Brig. Gen. David L. Brainard, retired, who is present here today, and who, next to General Greely himself, was the hero of the Arctic expedition. The previous record had been held for over 300 years by Great Britain. Greely himself discovered vast territories never before seen by civilized man.

For 2 years, unsupplied by any relief expeditions from the United States, Greely held out at his station. At length, in accordance with his orders, he led his expedition in small boats through the treacherous waters of the northern seas, overcoming seemingly insurmountable obstacles of cold, storm, ice, and fatigue, until they reached Cape Sabine, 200 miles farther south. Here they made camp to await the promised relief expedition of that year, which never came, as the ship was lost. Abandoned, destitute, starving, they held out under Greely's indomitable leadership, with excellent discipline, cohesion, and performance of duty to the last. Out of the original 25, only 7 were found alive, and they had only a few more hours of life left in them when rescued in the nick of time by Captain Schley and Lieutenant Emory, of the Navy, in 1884. The foresight, wisdom, acumen, ability, and devotion to duty which Greely showed in the handling of his men has never been excelled, and the story of this expedition, its accomplishments, and its record of human endeavor and steadfastness in the face of privation and disaster, stands alone in human annals and forms an everlasting monument to American manhood.

After this expedition and an interval during which he visited Europe and perfected his knowledge of meteorology and electricity, Greely was put in charge of the United States Signal Corps, which he built up to a standard of preeminence in the world. He was the first to have recording instruments constructed, and really established the electrical field communication in our Army down to regiments. At the beginning of the Spanish War, as he was charged with the collection and dissemination of military information, he made arrangements with foreign cables, so that he found where the Spanish Admiral Cervera's fleet was 10 days before the Navy had any knowledge of it. He reported to President McKinley that the Spanish fleet was in Santiago Harbor and advised him to attack Santiago, destroy the garrison and fleet, and thus bring the war to an end quickly. Against the advice of others, President McKinley adopted Greely's plan, which led to a quick termination of the War with Spain.

General Greely persuaded Professor Langley, of the Smithsonian Institution, to build the first man-carrying airplane, and obtained the appropriation from Congress for it. His letter asking for it, in the light of what has happened since, was prophetic.

General Greely's intuitive strategical sense showed him what an important place Alaska was to the United States in its relations and dealings with Asia, and in the first years of the twentieth century he pushed the completion of telegraph and cable lines through that whole Territory, carrying the work to a successful conclusion against difficulties formerly thought insurmountable.

In 1903 Greely proposed and organized the first international radio conference, when many were thinking that radiotelegraphy was a joke.

Greely was made a major general of the line of the Army, and was stationed in San Francisco at the time of the earthquake. When the quake actually occurred he was temporarily absent on duty, but quickly returned and through his knowledge of the handling of civil populations contributed in a marked degree to the relief of the people and the rehabilitation of that great city.

His last service was in command of the last campaign we had against the Indians, the Ute campaign of 1907. So ably was it

handled that not one person was killed, and no property was destroyed.

This great man, our greatest living American, in my opinion, is 91 years old today, March 27. During his life he has either participated in or known men who were prominent in all the great undertakings of this country, from the Revolutionary War to the present day. He has actually known and talked with soldiers of the Revolutionary War. His life, patriotism, accomplishments, and Americanism must and always shall be an example to the youth of the United States, while his friendship, fellowship, guidance, and unalterable devotion to duty has always been an inspiration to those who served with him, and will be an example to those who serve in the armed forces of our great Republic in the future.

GENERAL PULASKI MEMORIAL DAY

Mr. TERRY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a resolution of Group No. 178 of the Polish National Alliance, of North Little Rock, Ark., memorializing Congress to create the General Pulaski's Memorial Day.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. TERRY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following resolution of the Polish National Alliance of North Little Rock, Ark., memorializing Congress to create the General Pulaski Memorial Day:

A resolution memorializing Congress of the United States to enact House Joint Resolution 81 and Senate Joint Resolution 11, directing President of the United States of America to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski

Whereas the 11th day of October 1779 is the date in American history of the heroic death of Brig. Gen. Casimir Pulaski, who died from wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

Whereas the States of West Virginia, Illinois, Michigan, Tennessee, Indiana, Wisconsin, New York, Nebraska, Texas, Minnesota, Delaware, Maryland, Arkansas, New Hampshire, Pennsylvania, Missouri, Ohio, and other States of the Union, through legislative enactment, designated October 11 of each year as General Pulaski's Memorial Day; and

Whereas it is fitting that the recurring anniversary of this day be commemorated with suitable patriotic and public exercises in observing and commemorating the death of this great American hero of the Revolutionary War: Therefore be it

Resolved by the Group No. 178 of the Polish National Alliance of the United States of North America, That the Group No. 178 of the Polish National Alliance of the United States of North America, with local headquarters at no. 2005 Main Street, of city of North Little Rock, and State of Arkansas, respectfully memorialize the United States Congress to enact legislation which will provide for the effective carrying out of the provisions of the said resolution, whereby the President of the United States of America would be authorized and directed to issue a proclamation calling upon officials of the Government to display the flag of the United States on all Government buildings on October 11 of each year and inviting the people of the United States to observe the day in schools and churches or other suitable places with appropriate ceremonies in commemoration of the death of Gen. Casimir Pulaski.

SEC. 2. The secretary of the Group No. 178 of the Polish National Alliance of the United States of North America is hereby directed to transmit a copy of this resolution to the Chairman of the House of Representatives Judiciary Committee, Washington, D. C.; to the Chairman of the United States Senate Library Committee, and to each of the United States Senators and Representatives in Congress from the State of Arkansas.

GROUP NO. 178 OF THE POLISH NATIONAL ALLIANCE
OF THE UNITED STATES OF NORTH AMERICA,
By A. S. WALLOCH, *President*.
S. J. KACZKA, *Secretary*.
ALBENA BREWCZYNSKI, *Treasurer*.

FORWARD WITH ROOSEVELT—YOUTH OF THE NATION WITH THE NEW DEAL

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein some four or five single columns of statistics as submitted by the Commissioner of Education.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER. Mr. Speaker, it is most gratifying to those of us who have been really working to pull our Nation out of the slime it fell into in 1929 to know that the youth of the Nation is with us.

Of course, even the high-school boys know that we are where we are as a Nation because the administrations between 1920 and 1932 put us where we are. Because of bad management or lack of management those administrations plunged us into this terrible abyss—this financial chaos.

Milton said that when the Lord kicked the Devil out of heaven, he fell "nine times the space that measures day and night." The youth of the land begins to think that their chances for making good in life fell about the same distance during the administrations from 1929 to 1932, when certain uncontrolled interests took hold of the social and economic trends and plunged us where we found ourselves in 1932.

It is refreshing to us as Members of Congress to have the assurance that the young men and women of the Nation know that this administration has done more toward building a worth-while structure for them to inherit than has been done by any administration since the Civil War. We can fool the old people most of the time, but we cannot fool the young people for a very long space of time.

New York University senior class took their annual poll last week on certain fundamental issues. Some of the questions voted on and the results are as follows:

Who is the greatest living American? By a vote of 2–1—Roosevelt.

Who is the outstanding figure of the world? By a vote of 2–1—Roosevelt.

Who is the most outstanding world citizen? By a vote of 2–1—Roosevelt.

Would you vote for his reelection? By a vote of 2–1 they would vote for Roosevelt's reelection.

(They admitted that in 1932 not half of them had voted for Roosevelt, showing his increase in popularity.)

This type of senior speaks for the masses, in that the seniors of this school earn 35 percent of their tuition by part-time employment.

Do you favor the retention of the N. R. A.? By a vote of 3–1—yes.

Do you favor the retention of the A. A. A.? By a vote of 3–1—yes.

Do you favor the retention of the C. C. C.? By a vote of 10–1—yes.

Do you favor the child-labor amendment? By a vote of 15–1—yes.

Do you favor unemployment insurance? By a vote of 8–1—yes.

Do you favor old-age pension? By a vote of 8–1—yes.

Do you favor conscription of capital and labor in time of war? By a vote of 30–1—yes.

These statements and votes on the part of the youth coming right after Mr. Hoover's plea asking the youth of the Nation to stand by him and the standpatters is most significant.

Former President Hoover, according to the newspaper report, said in his recent speech:

It is well that the young men and women of the Republican Party should meet and give attention to this drift from national moorings.

Well, these college seniors, some 400 of them, met and gave attention to the drift of the moorings Mr. Hoover referred to and the above was the result of their deliberations. Not very gratifying to those interests now doing their best to keep the youth of the future from enjoying the heritage they have a right to expect to enjoy. The New York Times as of March 23 said, in quoting Mr. Hoover's speech:

The Government has been centralized under an enormous bureaucracy in Washington.

The youth of the Nation do not look upon it as being a centralized bureaucracy. They look upon this movement as one in their favor—taking the Government out of the hands of big banking interests and big holding interests and putting it back in the hands of the people—bringing the capital from Wall Street to Washington. George Washington intended that the capital should be in Washington and not in Wall Street and Chicago. This administration is demonstrating that the Government is in Washington.

Mr. Speaker, speaking of seniors recalls to my mind the data I received from the Bureau of Education this morning. The Commissioner of Education gave me these figures.

I am interested in these figures because I am convinced that we must continue to build our social and economic structure so that these millions of high-school and college

graduates will have an opportunity to step into some position or job and earn an honest livelihood.

I learned as a high-school principal that youth expects the busy world to give them an opportunity when youth graduates to be privileged to turn their hand to some purposeful and constructive occupation.

Speaking of young men reminds me of employment. I just called Dr. Studebaker, Commissioner of Education, this morning, and he gave me the following figures:

(1) Number of high-school graduates, private-school graduates, and college graduates in 1932	972,872
(2) Number of high-school graduates, private-school graduates, and college graduates in 1933	1,017,310
(3) Number of high-school graduates, private-school graduates, and college graduates in 1934	1,150,250
(4) Number of high-school graduates, private-school graduates, and college graduates in 1935 (estimated)	1,200,000

Whose fault is it that these young men will not have an opportunity to go to work when they graduate? Surely it is not the fault of the Democratic Party or the Democratic administration. The institutions and agencies that gave employment to this class of people, some of these boys and girls, went on the rocks in 1929. By 1932 the institutions were battered to splinters, and we had the largest number of high-school and college graduates walking the streets and highways that year of any year in the history of our Nation.

The fact is that figures and reports in the various departments show that 40 percent more of this class received employment during the last year than the year 1931–32. The set-up of this administration is most commendable in that it provides to take care of all classes of unemployment.

COSTIGAN-WAGNER ANTILYNCHING BILL

Mr. GUYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a concurrent resolution of the Legislature of Kansas.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GUYER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following concurrent resolution of the Legislature of the State of Kansas:

House Concurrent Resolution 10

A resolution memorializing Congress to pass the Costigan-Wagner antilynching bill

Whereas in many States of this United States there occur lynchings and riots by mobs, resulting in the execution of persons without due process of law; and

Whereas in many of the said States the local officers cannot or will not enforce the laws protecting persons from mobs or punishing those involved in such unlawful action: Now, therefore, be it

Resolved by the house of representatives (the senate concurring therein)—

SECTION 1. That the Congress of the United States is hereby requested to enact into law the measure commonly known as the "Costigan-Wagner antilynching bill."

SEC. 2. That copies of this resolution be sent to the President and Vice President of the United States, the Speaker of the House of Representatives, and to each Kansas Member of Congress.

I hereby certify that the above concurrent resolution originated in the house, and was adopted by that body February 14, 1935.

S. C. BLOSS,
Speaker of the House.
W. BISHOP,
Chief Clerk of the House.

Adopted by the senate March 7, 1935.

DALLAS W. KNAPT,
President pro tempore of the Senate.
———, ———,
Secretary of the Senate.

PERMISSION TO ADDRESS THE HOUSE

Mr. MORITZ. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes today at the conclusion of the consideration of the District of Columbia bills.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. TRUAX. Mr. Speaker, I raise the point of no quorum.

The SPEAKER. Evidently there is not a quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 40]

Adair	Driscoll	Johnson, W. Va.	Polk
Allen	Driver	Kennedy, Md.	Reed, N. Y.
Andrews, N. Y.	Dunn, Miss.	Kennedy, N. Y.	Richardson
Arends	Farley	Kleberg	Robsion, Ky.
Bankhead	Ferguson	Kvale	Sabath
Biermann	Flannagan	Lamneck	Schaefer
Bolton, Ohio	Gambrill	Lee, Okla.	Seger
Brennan	Gifford	Lehlbach	Shannon
Brewster	Goldsborough	Lesinski	Short
Cannon, Wis.	Granfield	Lewis, Md.	Smith, W. Va.
Chapman	Gray, Ind.	McKeough	Snell
Claiborne	Greenway	McMillan	Stewart
Clark, Idaho	Greenwood	McSwain	Sumners, Tex.
Cooley	Hamlin	Mead	Thompson
Crosby	Hartley	Meeks	Tinkham
Crowther	Healey	Monaghan	Underwood
Culkin	Hess	Montague	Warren
Dempsey	Higgins, Conn.	O'Malley	
DeRouen	Hoeppel	Palmisano	
Dies	Holmes	Peyser	

The SPEAKER. Three hundred and fifty-seven Members have answered to their names. A quorum is present.

On motion of Mr. CULLEN, further proceedings under the call were dispensed with.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication, which was read by the Clerk:

MARCH 27, 1935.

Hon. JOSEPH W. BYRNS,
Speaker House of Representatives, Washington, D. C.

MY DEAR MR. SPEAKER: I hereby resign as a member of the Select Committee to Investigate Real Estate Bondholders' Organizations.

Respectfully yours,

JOHN J. O'CONNOR.

The resignation was accepted, and the Speaker appointed Mr. KENNEDY of New York to fill the vacancy.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HOBBS. Mr. Speaker, on yesterday I missed a roll call due to absence on important official business before the Department of Justice. I desire to make that statement at this time.

COMMITTEE ON AGRICULTURE

Mr. DOXEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture be permitted to sit the remainder of the week during the sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

OWNERS AND OPERATORS OF MOTOR VEHICLES IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 408) to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violations of this act, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that debate on this bill be limited to 1 hour, one-half to be controlled by the gentleman from Illinois [Mr. DIRKSEN] and one-half by myself.

Mr. PATMAN. Mr. Speaker, reserving the right to object, I am in favor of the bill S. 408. I desire to have some understanding about the time, if the gentlewoman from New Jersey will tell me what she has in mind in regard to the disposition of the time.

Mrs. NORTON. I think I may use about 10 minutes of the time, and then I shall be very pleased to yield 15 minutes to the gentleman from Texas. I have been asked for 5 minutes by the gentleman from Oklahoma [Mr. NICHOLS],

and I shall be pleased to yield the balance of my time to the gentleman from Texas.

Mr. PATMAN. I wonder if the gentlewoman would agree that in the event there is an amendment suggested to the bill, to either strike taxicabs from this particular legislation or to include compulsory insurance for taxicabs, I may be allowed to have 10 minutes on each amendment in opposition to them, instead of having time in general debate?

Mrs. NORTON. That is perfectly agreeable.

The SPEAKER. The Chair may state to the gentleman from Texas that that is a matter that will be in control of the Committee when the bill is considered in the Committee of the Whole House on the state of the Union.

Mr. PATMAN. Yes; then I have no objection.

Mr. BLANTON. Mr. Speaker, will the gentlewoman from New Jersey yield for a question?

Mrs. NORTON. Gladly.

Mr. BLANTON. Is not this bill identical with one that we passed at the last session?

Mrs. NORTON. It is exactly the same.

Mr. BLANTON. And there was practically no objection to it at that time?

Mrs. NORTON. None that I knew of.

Mr. BLANTON. Is there any reason why we could not take this bill up in the House as in Committee of the Whole House on the state of the Union, so as to avoid the hour of general debate, and get through with it? Amendments can then be offered and debated under the 5-minute rule.

Mrs. NORTON. I would be very pleased to take it up in that way.

Mr. BLANTON. I think if the gentlewoman from New Jersey would change her request and ask that the bill be considered in the House as in Committee of the Whole House on the state of the Union there would be no objection to such a request, I feel sure.

Mr. PATMAN. I would not object.

Mrs. NORTON. Then, Mr. Speaker, I ask unanimous consent that this bill may be considered in the House as in Committee of the Whole House on the state of the Union.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I shall not object, I presume the gentlewoman from New Jersey will let me have the time in opposition to the amendment I have just mentioned, in the event the amendments are presented.

Mrs. NORTON. Yes.

Mr. BLANTON. The gentleman can secure such time in his own right.

Mr. MARTIN of Massachusetts. Reserving the right to object, will the rule providing 1 hour of debate prevail in the House?

The SPEAKER. If the request is granted, the bill will be considered under the 5-minute rule.

Is there objection to the request of the gentlewoman from New Jersey that the bill be considered in the House as in Committee of the Whole House on the state of the Union?

There was no objection.

The SPEAKER. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act shall in no respect be considered as a repeal of any of the provisions of the traffic acts for the District of Columbia but shall be construed as supplemental thereto.

Mr. NICHOLS. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, being a member of the District of Columbia Committee, it has been embarrassing for me to oppose this legislation, but feeling that I am eminently right in my position I shall continue to do so.

In the first place, I want to point out to the Members of the House that this legislation proposes to put taxicabs and private automobiles in the same category as they apply to indemnity insurance. In other words, this bill says that after anyone has an accident, unless he can show financial responsibility, his license will be taken away from him to operate an automobile in the future. This might be a good law as it applies to privately operated automobiles, but it certainly is not a good law where it applies to taxicabs, particularly when we have a taxicab situation such as we have in the District of Columbia. You can take your largest cab company here, the Diamond Cab Co., and they do not own a single automobile. They do not control a single automobile. The boys who drive those Diamond cabs simply pay that company money for the privilege of using the Diamond name.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield.

Mrs. NORTON. Does this bill in any way prevent the introduction and the passage of a compulsory-insurance bill?

Mr. NICHOLS. It does not; but I will say to the gentlewoman and my good friend that if you pass this bill, then you will always have this bill as a bumper when you attempt to pass a compulsory-insurance bill, and they will say that you have this bill and this is all you need. If compulsory insurance is desirable, then why not make it compulsory insurance now when the matter is before this body?

Mrs. NORTON. Is it not a fact that in 21 States of the Union we have this identical bill and in a few of the States we also have a compulsory-insurance law, showing that one does not interfere in any way with the other?

Mr. NICHOLS. I may say to the gentlewoman that I know of no State having a condition such as exists in Washington that has a bill applying just exactly the same to private automobiles as it does to taxicabs.

Mr. RICH. Mr. Speaker, will the gentleman yield for a question?

Mr. NICHOLS. In just a moment. I want to tell you what is going to happen to this bill.

You may take, for instance, your big cab companies here; they go out and have an accident and kill or cripple somebody, and you would naturally think that under this bill unless that driver or that company took out indemnity insurance they could not operate any more. This is not the case. All that will happen will be that the driver who had the accident will be immediately discharged from the company, because the responsibility goes to the individual and not to the company. Then there will be a new man put in his place, just as irresponsible as the other, and he will go glibly on his way killing and hurting and maiming people without any responsibility whatever.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. RICH. Is it not possible for us to make the taxicab company just as much responsible as the driver?

Mr. NICHOLS. It is, yes; but not under this bill.

Mr. RICH. Why not amend the bill in order to do that?

Mr. NICHOLS. This bill absolutely is not susceptible to intelligent amendment.

Mr. CARPENTER. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. CARPENTER. While I am in favor of the bill under consideration, yet I agree with the gentleman in what he has stated to the effect that if we pass this bill it will be used as a buffer against a taxicab-liability bill. This is exactly what happened a year ago. We had up both bills and we passed this bill, and as soon as it was passed, they said we did not need the other measure.

Mr. NICHOLS. Now, I do not think there is anyone here who thinks that a taxicab or automobile operated for hire should not protect its passengers. If that is true, then why should we pass legislation here which will permit the operator of a taxicab to kill somebody before we require him to take out insurance and then say that is all he has to do to escape the whole thing, and the party injured has no one to look to for damages?

The SPEAKER. The time of the gentleman from Oklahoma has expired.

Mr. NICHOLS. Mr. Speaker, I ask for 3 minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. NICHOLS. Now, there is not much legislation that comes to the District of Columbia Committee that affects your and my constituents. But I want to say to you ladies and gentlemen of the House that here is a bill that will

affect every constituent of yours. When they come to the Capital of the United States on their own business, or the business of somebody else, I say to you it is your duty to pass legislation here which will safeguard them when they accept the only mode of travel provided for them—that is taxicabs—I say that we will be derelict in our duty unless we give them the protection of compulsory insurance.

One argument against it is that it will cost a driver so much that he cannot afford it, and thus the independent driver, and a driver of small means, cannot afford to take out the insurance.

I want to answer that in two ways. It will not cost any more before they have had an accident than it will after they have had an accident.

The second proposition is that if you take insurance—and if there is an insurance man in this House he will bear me out—if you take out insurance for a group, where you have many drivers of taxicabs, you can get insurance rates so low that they can afford to carry it.

Then the insurance rates will be cheaper, because where you have group insurance they will place a claim adjuster in the taxicab office and he will be on the ground ready to dash out and make a low settlement with the victim of the accident immediately after the accident occurs. So that where they have group insurance they can afford to reduce the rates.

Mrs. NORTON. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentlewoman.

Mrs. NORTON. Does the gentleman know what this insurance will cost?

Mr. NICHOLS. No; I do not. Nor does anybody else know, because there has been no plan devised; and there cannot be one devised until the insurance companies know how many policies would be available.

Mr. FITZPATRICK. They might increase the rate so as to get more money.

Mr. NICHOLS. They are not getting enough money, anyway.

Mr. PATMAN. Mr. Speaker, I rise in opposition to the pro forma amendment and ask unanimous consent to proceed for 10 minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, the object of this particular bill is to reduce the number of accidents in the District of Columbia. It was decided by the subcommittee of the District Committee considering the legislation that the following classes and groups are largely responsible for the accidents in the District of Columbia: Those who are convicted of driving automobiles while under the influence of intoxicating liquor or drugs; second, the habitual offender who usually leaves the scene of the accident without giving his name and without being identified by any officer; third, those who do not care, who are irresponsible if judgments are obtained against them, who do not pay the judgment, and who continue to go ahead and continue to operate their automobiles.

The president of the Board of Commissioners of the District of Columbia, Mr. Hazen, said:

> It is generally agreed among traffic authorities that the vast majority of accidents are caused by a very small proportion of the drivers.

In other words, there are very few people causing all of these accidents, and the committee decided there is no use of placing a penalty on all of the people in order to eliminate a few people who are causing all of the trouble. I wish each Member would send and obtain a copy of the committee's report on this bill, Financial Responsibility of Motor Vehicle Operators in the District of Columbia, and read the letter of the president of the Board of Commissioners, Mr. Hazen, to the Chairman of the District Committee.

Under this bill no one will be required to take out automobile-liability insurance until one of the following conditions occurs: Conviction of operating an automobile when under the influence of liquor or drugs; if convicted of that offense the driver will have to take out liability insurance; or, if the driver has been guilty of leaving the scene of an accident without identifying himself, he will then have to take out liability insurance; if a judgment has been obtained against an offending driver, and that judgment is unsatisfied at the end of 30 days, that driver cannot any longer operate an automobile in the District of Columbia.

Mr. Speaker, that is aimed at the offender, it is not aimed at the good, careful driver, who never has an accident. It will not penalize him, but it will penalize the one who is the cause of most of the accidents. Contrary to the general belief, it is not the taxicab driver who is causing the accidents in the District of Columbia, it is the irresponsible driver of the private car, and investigation discloses that there are fewer accidents among the taxicab operators in proportion of the number than among any other group. There is a splendid reason for that. One who is operating a taxicab is engaged in that line of work as a business, a pursuit, an occupation. That is his whole business, and if he were to lose his license, he would lose his entire business. Therefore, he is very careful not to violate the law, not to be wrong in an accident, but to always carefully operate that vehicle, so that he can stay in the only business that he has.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. RICH. If a man drives a car while intoxicated, the Commissioners will see to it that his license is taken away from him?

Mr. PATMAN. Absolutely, if he is convicted. He cannot be allowed to operate an automobile any more if he is convicted.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. FITZPATRICK. Does the gentleman know the number of convictions for driving while intoxicated?

Mr. PATMAN. No.

Mrs. NORTON. If the gentleman will permit, of the total number of deaths—135—in 1934 in the District of Columbia, exactly 16 were caused by taxicab drivers.

Mr. PATMAN. And were the drivers of those taxicabs all to blame?

Mrs. NORTON. No; they were not to blame in several cases.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. NICHOLS. Take the case of a man who is run over by the driver of an automobile who is driving while drunk. The drunken driver may injure some pedestrian or some occupant of his automobile. Let us say that the driver of that taxicab has no financial responsibility. What is the redress of the man who is injured? How does this man protect the man who is hurt?

Mr. PATMAN. The gentleman from Oklahoma is talking about a taxicab driver not carrying insurance.

Mr. NICHOLS. Or anyone else.

Mr. PATMAN. But what the gentleman wants is to have the taxicab compelled to carry insurance.

Mr. NICHOLS. Yes.

Mr. PATMAN. That is the point of the question that I shall address my answer to.

Mr. NICHOLS. One further question. In the gentleman's judgment, does he not feel that this bill could be greatly improved and brought to this floor in much better shape than it is in now?

Mr. PATMAN. There is a bill pending for financial-responsibility insurance for taxicabs before the District Committee. I happen to be chairman of the subcommittee that that bill is referred to. We expect to have hearings on that bill very soon.

Mr. NICHOLS. The gentleman is the chairman of this subcommittee, is he not?

Mr. PATMAN. Yes; and for the gentleman's information let me say that we had extensive hearings last year, and it would be interesting for him to know what was disclosed by the hearings last year. The Diamond Taxicab Co. for 1 year I have in mind paid its claims.

Mr. NICHOLS. It did not in the Callas case.

Mr. PATMAN. And that 1 year the Diamond Taxicab Co. was out $7,500 on claims. If compulsory insurance had been passed, it would have been out $75,000 for insurance. If you put compulsory insurance on the taxicabs of the District of Columbia, you will not help the drivers, but you will help the insurance companies. It will cost the people of this District, the investigation shows, a million and a half dollars extra, because it will mean doubling and trebling the taxicab rates in the District of Columbia—not for the benefit of the drivers or the owners of automobiles but for the benefit of insurance companies and lawyers handling litigation. It encourages all kinds of claims.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. FITZPATRICK. Does not the gentleman think that a passenger riding in a taxicab ought to be protected in case of an accident so that somebody would be responsible?

Mr. PATMAN. Yes; I do. For a dollar or two a year the gentleman can get insurance that will protect him against any injury he may suffer in a taxicab.

Mr. FITZPATRICK. I had friends visiting here 2 years ago who got into a taxicab and it was run into and they were injured, one of them seriously, and they could not collect a dollar. I say every taxicab and every vehicle in this District should carry insurance.

Mr. PATMAN. The point is that this bill does not involve that question. Let us pass this bill. We know it is a step in the right direction.

Mr. FITZPATRICK. It means nothing. It is like locking up the stable after the horse is stolen. If there is an accident, then they will compel them to take out insurance.

Mr. PATMAN. It does mean something. It will not penalize the good, careful driver, but it will cause the man who is responsible for accidents to take out insurance. Most of the accidents are caused by a few people.

Mr. FITZPATRICK. How about the party injured? Will they benefit by this bill?

Mr. PATMAN. It will prevent accidents. It will have a tendency to prevent accidents. If the gentleman is interested in taxicab liability, let him come before our subcommittee and we will give him a hearing, and if we are wrong about it we will admit we are wrong, and we will bring a bill before this House and let the House adopt the bill requiring taxicab-liability insurance. I know I often have the wrong opinion about things before I get all the information. Perhaps I have a wrong opinion about this. Perhaps the gentleman is right. If so, he may come before our committee and convince us he is right.

Mr. FITZPATRICK. I appreciate that under the rates in this city they cannot very well carry insurance.

Mr. PATMAN. If you have taxicab-liability insurance, that does not mean that you are going to get your money if you are insured. That means that you are looking to an insurance company instead of the taxicab company. Good insurance companies will not carry this class of risk. It is the fly-by-night, overnight insurance companies who insure such companies. Our hearings disclosed that people have had just as much difficulty and even more in getting money out of insurance companies than in getting it from taxicab companies.

Mr. FITZPATRICK. That is not true in the city of New York. Reliable insurance companies there carry the insurance, and there is no reason why they should not carry it here.

Mr. PATMAN. I am not talking about New York. I presume the gentleman is correct.

Mr. SISSON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SISSON. Do I understand from the gentleman's statement that the District Committee does not propose to report out a bill that will make indemnity insurance mandatory, to furnish protection to people who are riding in these common carriers?

The SPEAKER pro tempore (Mr. WOODRUM). The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. My opinion is that the District Committee is in favor of it. Personally, I am not in favor of it. Last year we had a hearing, and after the hearing there was a bill brought in, and on a roll-call vote, after both sides had been explained to the membership of this House, 130 Members voted for it and 188 Members voted against it. That goes to show that there is another side to this taxicab-liability proposition, when 188 Members voted against it.

Mr. SISSON. Now, the gentleman made a statement that compulsory insurance of taxicabs would not mean protection to passengers. The gentleman must know that it furnishes protection in case the injury is caused through negligence, and it is practically an insurance, because the taxicab ought to be made a common carrier under the law if it is not such now. Every passenger who rides in one of those taxicabs is entitled to protection.

Mr. PATMAN. They will have protection to the extent of the ability of the insurance company to pay.

Mr. SISSON. The best that can be said about this bill is that it is innocuous; it is harmless; it does not do anything. It is like the law that gives a dog the privilege to take one bite out of you before the owner is responsible at all, until that one bite is proven. The driver of a cab can kill somebody and then he cannot get another permit. That is all.

Mr. PATMAN. Why place a penalty on everybody in the District in order to deter just a few who are responsible for the accidents in the District? That is the question involved.

Mr. KELLER. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. KELLER. Is it not a fact that if these negligent and drunken drivers are eliminated, you thereby add the very greatest to safety?

Mr. PATMAN. Absolutely. Twenty-one States have demonstrated that. We are asking you to adopt the same law that 21 States have tried and have said is satisfactory.

Mr. McFARLANE. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. McFARLANE. I recently read an article showing how the city of Evanston, Ill., which is the first city in the United States in low death rates, have handled this traffic problem. They have the best traffic law enforcement of all the cities of the United States. Their safety council have given this question much study and fairness and honest law enforcement have gotten splendid results for them. All other cities should follow that. They have cut down the death rates from 30 or 40 per hundred thousand to less than 9 per hundred thousand. It would be very interesting for the membership to look into that and see how they have gone into this matter of law enforcement.

Mr. PATMAN. Using a law like this?

Mr. McFARLANE. Using a law similar to this, yes. They have gotten splendid results by making a very careful study of the whole traffic problem and of honest law enforcement in carrying their laws into effect.

Mr. NICHOLS. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. NICHOLS. But with reference to these 21 other States who have a similar law to this.

Now, the gentleman will say, though, that a State law does not govern the law of big cities within the State, which is a condition similar to that existing in Washington.

Mr. PATMAN. They involve cities as well as country districts.

Mr. NICHOLS. I do not think the gentleman wants to say that the State law controls city traffic.

Mr. PATMAN. The law operates over the entire State.

Mr. NICHOLS. They do not operate taxicabs in the country.

Mr. PATMAN. There is nothing in this law that makes it different in a city from what it is in the country, or vice versa. What we are asking you to do is not to attach any compulsory liability amendment on this law. We are going to have a hearing on that question, and we are going to have a full and complete hearing. We will be able to present printed hearings to the Members of the House; and then if you feel that the law should be passed, we will pass it; but do not bring up some amendment which has not been given sufficient consideration and attempt to attach it to this legislation, which we know is good law.

This bill has passed the House and the Senate for the last 2 or 3 years. When it would pass the Senate, the House would not pass it; and when it would pass the House, the Senate would not pass it; but the Senate has already passed it this time, so let the House go ahead and adopt it, and let it become a law, and you will save the lives of many people in the District of Columbia within the next few months. If you want to double and treble taxicab rates in the District of Columbia without giving additional benefits to the people, just put on one of these premature amendments that have not been carefully considered requiring taxicab liability insurance, and you will cause it. I ask you to vote down all these amendments.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent that the gentleman from Texas be given 1 additional minute, that I may ask him a question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DIRKSEN. Is it not true that in the District of Columbia appropriation bill there was included a legislative provision that the taxicab rates in this city shall not be raised?

Mr. PATMAN. I am not informed on that, I will state to the gentleman from Illinois.

Mr. DIRKSEN. I think that is the case if the gentleman remembers the discussion had on the bill.

Mr. PATMAN. Anyway, it would have to be changed if you require insurance. You cannot make them pay a dollar a day extra just for insurance and not raise their rates; you cannot do that to save your life. A good insurance company is not going to take this risk.

[Here the gavel fell.]

Mr. BEITER. Mr. Speaker, I ask unanimous consent that the gentleman from Texas may have 1 additional minute that I may ask him a question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. The gentleman made the statement—if I am in error I stand corrected—that in the event that compulsory insurance were placed on taxicabs that insurance companies would not accept this type of liability. Is not this all the more reason we should make the effort to force them to take out insurance?

Mr. PATMAN. No. If only irresponsible insurance companies will take this class of insurance I would just as soon look to a irresponsible taxicab company as to an irresponsible insurance company.

Mr. BEITER. There are a number of responsible insurance companies who would take it.

Mr. PATMAN. They will not take this risk, according to our information, I will say to the gentleman.

[Here the gavel fell.]

Mr. HULL. Mr. Speaker, I move to strike out the last two words.

Primarily, Mr. Speaker, I was opposed to the consideration of this bill by the House until it had been returned to the committee that it might receive further consideration. After the bill was reported out I learned that certain people in Washington who wanted to be heard on this measure had, by mistake, not been able to appear before the subcommittee presided over by the gentleman from Texas, because the hearing was not held in the regular hearing room.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. HULL. I yield.

Mr. PATMAN. I will state that those people wanted to be heard on a different bill, a taxicab liability bill that had not even been introduced in the House. Since that time such a bill has been introduced and these people can get a hearing on it any time they want it. As the chairman of the subcommittee I promise the gentleman that I will give him a hearing commencing tomorrow morning if he desires it.

Mr. HULL. I am not interested in that proposition, but the fact remains that the gentleman moved the subcommittee hearing out of the main room, that these people appeared to be heard and were not heard. I felt that just as a matter of fairness to the interested people of the District they certainly ought to have the right to be heard by the subcommittee handling this measure. Some of the members of the committee did not pay much attention to it, did not realize what was going on until it was out of committee and it was too late. This is the reason I tried to get the bill back to the committee that we might consider it.

In the first place, I do not think any member of this committee wants to oppose any measure which will even promise to reduce accidents in the District of Columbia. We are all of a common mind on that; but so far as preventing accidents is concerned, we might just as well enact Noah Webster's dictionary into law as to pass a measure of this kind, because it will mean nothing in the protection of the public so far as the first accident is concerned.

I am not going to take much time, but I just want to call your attention to one feature which I think shows the utter absurdity of passing this kind of a legal gesture to cure a wrong which is so apparent that something ought to be done. This measure, if passed, will stand in the way of that kind of a law. As one illustration among others of how this law will operate. If a young man gets drunk and then, as a young man did a few weeks ago, who drove home from a country saloon, at 3 o'clock in the morning, runs through a safety zone and kills a poor woman, while this bill apparently would stop such a man from driving a car, as a matter of fact it stops him only momentarily. After a year or two the husband of the woman he killed might possibly get a judgment against him after long delays in the courts; nevertheless, he will continue to drive that car; he can get drunk just as often as he wants to, he may do anything else that is dangerous to the lives of the people of the highways with just one provision, and that is if he will go to some insurance company and take out a $35 insurance policy to insure his car against future accident, and that is all the protection the public has under this bill against a man who goes down the Avenue and commits this kind of a crime.

Mr. KELLER. Will the gentleman yield?

Mr. HULL. I yield to the gentleman from Illinois.

Mr. KELLER. If a similar law has worked in 21 States, would it not naturally follow that it would work very well here?

Mr. HULL. It would not naturally follow that it has worked well anywhere according to the statistics which have been produced here, which show that accidents have con-

tinued to increase in all the States that have this law, practically speaking.

Mr. KELLER. Will the gentleman tell me whether those accidents have continued to increase on the part of taxi drivers or men who were not taxi drivers?

Mr. HULL. I do not care to go into the taxi matter further than to say that apparently there is no protection to people riding in taxicabs in the District of Columbia, and if this bill is passed and put on the statute books it is going to hinder all endeavors to enact that kind of a law and put it on the statute books.

Mr. KELLER. Would the gentleman not put a premium on good drivers and compel the elimination of bad drivers?

Mr. HULL. Certainly. This bill would not do that.

Mr. KELLER. Why should it not? If a man gets drunk, runs away, or does the other things, he cannot drive unless he is insured.

Mr. HULL. That is true; but that does not make any difference, because he can take out a little policy and continue to get drunk, and this bill would not take his permit from him if he has the policy.

Mr. KELLER. No. No one would insure him.

[Here the gavel fell.]

Mrs. NORTON. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, there has been a great deal of misinformation regarding the bill that is before the House today. I may say it is a question that has been debated ever since I have been in Congress, and up to the present time we have no law in the District of Columbia with regard to automobile liability.

We feel that this bill is a very good bill and that it is a step in the right direction. We are not interested in insurance companies, but we are interested in making the streets of the city of Washington a safer place for the people of Washington. Much has been said here about our constituents who visit Washington. There is no person who is more interested in the welfare of constituents than I am. At the same time I think the people in Washington have a prior claim on what law shall be passed in this House with regard to the safety of their streets, and certainly a greater claim than visitors who come here. I am thinking of the people of the District. I am thinking of the importance of placing a law on the statute books to help in some way to prevent the horrible accidents which have been going on for the past several years.

Mr. Speaker, I may say it is our important duty to pass this bill today. I was advised against coming here today. I have been very ill for the last 2 weeks, but I want to say that I have been so much interested in getting this bill passed, and have felt so great a responsibility as chairman of the committee that even at the expense of my own health I decided to come here today and do what little I could to bring the Members of the House to a realization of their duty regarding the District and the people of the District of Columbia. [Applause.]

We Members who are on the District Committee have a very disagreeable and a very arduous duty. We are legislating on behalf of people who have no vote, and who have not a single thing to do with their own government. The only thing that your chairman is trying to do, and the only thing I feel the majority of the members on the District of Columbia Committee is trying to do, is to legislate justly, fairly, and honestly for the people of the District of Columbia. That is our only wish and we have no recompense except knowing that we have tried to do a duty as it should be done.

Mr. Speaker, for the benefit of the RECORD, I am going to give a few items concerning this bill about which so much misinformation has been handed around.

During the year 1933, 3,946, and in 1934, 4,192 persons were killed and injured in traffic accidents in Washington. Four hundred and sixty-eight men from the city of Washington were wounded in action in the World War. Eight times more than that number were wounded in traffic accidents here in 1933 and 1934 and by less than 10 percent of the drivers. We might well ask why this situation exists. I think the answer is obvious.

At present we have approximately 150,000 motor vehicles operating in Washington, operated by some 200,000 drivers. There is no provision in the law that requires these 200,000 drivers to protect the public other than the traffic regulations. As to the provision being made for financial responsibility of those operating motor vehicles, there is none. Therefore, this situation exists—anyone driving a motor vehicle knows that if he becomes involved in an accident through negligence on his part, which results in bodily injury or property damage, he can continue to operate a motor vehicle in the same negligent manner in the future, although no compensation has been made.

Senate bill 408, which passed the Senate January 10, 1935, provides for an alleviation of this condition. It is true that a great number advocate compulsory insurance as the logical means of providing financial responsibility. At least compulsory insurance for motor vehicles for hire. If Senate bill 408 becomes a law it will in no way prevent the passage of a compulsory law for motor vehicles for hire. In fact, such a bill has been introduced and referred to a committee.

The bill we are considering is not a compulsory insurance bill. The bill is intended primarily to promote safety by controlling or driving off the streets the minority of reckless and financially irresponsible motorists, while it also provides a strong incentive for the payment of damages. Compulsory insurance is wholly directed toward the payment of damages and does not penalize recklessness in the interest of safety. Compulsory insurance treats the reckless and careful alike and imposes on all motorists an unfair burden which is wholly caused by the reckless drivers. This bill segregates the careless and imposes its penalties on this class alone. Thus the fundamental difference is the same as that always existing between absolute compulsion and sane regulation.

[Here the gavel fell.]

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Briefly, Senate bill 408 provides that the operator's permit and the registration certificate shall be suspended, upon conviction, or forfeiture of bond or collateral, for leaving the scene of an accident in which personal injury occurs, without making identity known, or upon conviction, or forfeiture of bond or collateral for driving while under the influence of liquor or narcotic drugs. Such suspension will continue until satisfactory proof of ability to compensate for future damages they may cause in motor-vehicle accidents. Also suspension of operator's permit and registration certificate of all persons against whom a final judgment has been legally rendered and who have failed to satisfy such judgment. This suspension is to remain in effect not only until such judgment has been satisfied but also until proof of ability to compensate for future damages has been established. Such proof may be furnished in any one of three ways:

First. An insurance policy.

Second. A bond of a surety company or of two individual sureties owning unencumbered real estate.

Third. A deposit of $11,000 in cash with the clerk of the Supreme Court of the District of Columbia.

This bill contains the same provisions, though in different language, as the Uniform Safety Responsibility Act approved by the Fourth National Conference on Streets and Highways in May 1934. Twenty-one States in the United States and six provinces in Canada have adopted similar legislation. Those States are as follows: California, Connecticut, Delaware, Maryland, Michigan, Minnesota, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Pennsylvania, Rhode Island, South Dakota, Vermont,

Virginia, and Wisconsin. Canadian Provinces are Manitoba, New Brunswick, Ontario, Prince Edward Island, British Columbia, and Nova Scotia.

Not a single State, once having adopted this legislation, has taken a backward step in regard to the same, but, on the contrary, succeeding sessions of the legislature has strengthened its provisions.

[Here the gavel fell.]

Mr. MILLARD. Mr. Speaker, I ask unanimous consent that the gentlewoman from New Jersey may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mrs. NORTON. Mr. Speaker, let me read a letter addressed to the Governors of the 48 States by President Roosevelt:

MY DEAR GOVERNOR: I am gravely concerned with the increasing number of deaths and injuries occurring in automobile accidents. Preliminary figures indicate that the total of these losses during the year 1934 greatly exceeded that of any previous year. We should, as a people, be able to solve this problem which so vitally affects the lives and happiness of our citizens.

In order to assist in this, the Federal Government, through the Secretary of Commerce, has taken the leadership in developing remedial measures. Proposals for uniform State legislation have been worked out by the National Conference on Street and Highway Safety, with the cooperation of responsible State officials and representatives of interested organizations from all parts of the country.

The remedies that need to be applied are thus available in form which appears to meet the unanimous approval of experienced judgment. The pressing problem is to secure universal application of these remedies which have proved effective where applied.

The responsibility for action rests with the States. There is need for legislation and for the organization of proper agencies of administration and enforcement. There is need also for leadership in education of the public in the safe use of the motor vehicle, which has become an indispensable agency of transportation.

With the legislatures of most of the States meeting during 1935, concerted effort for appropriate action in the States is most important.

Realizing the seriousness of the situation and the urgent need for attention to the problem, I am confident that you will desire to participate in this effort.

Yours very truly,

FRANKLIN D. ROOSEVELT.

There is a general increase in traffic fatalities throughout the country, but the States having financial-responsibility laws are reporting increases which are much smaller than the increases for the country as a whole.

The increase in the fatalities in the group of 21 States having financial-responsibility laws were 11 percent, but the increase for the country as a whole was 15 percent, while the increase for the group of States which have no financial-responsibility laws was 23 percent, or more than twice the increase in the States that have such laws.

In the Seventy-third Congress a bill—H. R. 1646—exactly the same in principle as Senate 408 passed the House on May 28, 1934.

In conclusion I would like to point out the advantages of of this legislation:

First. It will provide an incentive for careful and safe driving and control or eliminate the reckless and irresponsible operator.

Second. It will compel those who have demonstrated their recklessness to establish evidence of financial responsibility for the future as a prerequisite to their retaining the privilege of driving.

Third. It will furnish an incentive for payment of otherwise uncollectible judgments arising from motor-vehicle accidents.

Mr. Speaker, in conclusion I want to say that if I thought there was a better law that could be passed at this time I would be only too glad to lend my aid toward the passage of such a law. I believe this is the best law we can pass at this time. If we find that the law is inadequate or if for any reason we wish to amend the law later, or if we find the accidents in Washington have not decreased as a result of the passage of this measure, may I say that I shall at the next session of Congress do all in my power to amend the law?

I do not believe there is anyone in this country who feels more acutely a sense of responsibility regarding this particular legislation than I do, or one who would do more to avert accidents if it is humanly possible to do so.

During the past year there were few people who have suffered more than I have from automobile accidents. Two of my family were killed as a result of careless driving. So I say to you it is not only a legislative matter, it is also a personal matter to do my small part in bringing about greater security for the people on our highways and on our city streets. I sincerely hope this House, in its wisdom today, will pass this bill. [Applause.]

Mr. FITZPATRICK. Mr. Speaker, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. FITZPATRICK. Is it not a fact that New York also has compulsory insurance of vehicles for hire?

Mrs. NORTON. New York has this law and also a compulsory insurance law.

Mr. FITZPATRICK. Of course, I am not opposed to the gentlewoman's bill.

Mrs. NORTON. I know that, of course. The gentleman could not be opposed to it. He is too fair and too just to be opposed to such a measure, and I want to say to you gentlemen that we now have a compulsory bill in committee and if it is the desire of the House to force a compulsory bill on the District I shall not oppose it. I shall be only too pleased to go along with the Members of the House if they desire to have a compulsory law.

Mr. CARPENTER. Mr. Speaker, will the gentlewoman yield?

Mrs. NORTON. Gladly.

Mr. CARPENTER. In the opinion of the gentlewoman from New Jersey, does Senate bill 408 have any relation to a compulsory taxicab liability insurance bill?

Mrs. NORTON. This is not a compulsory taxicab liability insurance bill. It is exactly what it states—a financial-responsibility bill—which is much more important, I think, than a compulsory bill, because after all, we all know that a compulsory bill is going to benefit the insurance companies, but is not going to benefit the people in Washington.

Mr. CARPENTER. I understand from what the gentlewoman has stated that there has been a taxicab liability bill introduced and it is now before our committee?

Mrs. NORTON. Exactly.

[Here the gavel fell.]

Mr. CARPENTER. Mr. Speaker, I ask unanimous consent that the gentlewoman from New Jersey may proceed for 3 additional minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CARPENTER. If that bill should be reported out by the committee, does the gentlewoman believe it would be a sound argument against such a bill to refer to the fact that the pending bill has been passed?

Mrs. NORTON. Of course, it is very difficult to answer that question. It would depend entirely upon the point of view of the Membership of the House.

Mr. CARPENTER. When that time comes, some Member may get up and say that we do not need a taxicab liability-insurance law because we have passed Senate 408.

Mrs. NORTON. Exactly as some Members may say today we do not need this law.

Mr. CARPENTER. That kind of argument would not meet the gentlewoman's approval?

Mrs. NORTON. I prefer to give my opinion on that when the matter comes before the House.

Mr. CARPENTER. I think a lot of Members would like to know about that point.

Mrs. NORTON. I will say that I shall do nothing whatever to prevent that bill coming before the House. I believe that my colleagues in the House have just as much sense as I have, and each and every one of them is entitled to his or

her opinion, and I would much prefer to let them exercise their own judgment.

Mr. CARPENTER. But the gentlewoman does not think that is covered by this bill?

Mrs. NORTON. I think everything that is necessary is covered in this bill. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 2. The motor-vehicle operator's permit and all of the registration certificates of any person who shall by a final order or judgment have been convicted of or shall have forfeited any bond or collateral given for a violation of any of the following provisions of law, to wit—

Driving while under the influence of intoxicating liquor or narcotic drugs, as provided in section 10 of the act of Congress approved March 3, 1925, as amended, and commonly known as the "traffic acts";

Leaving the scene of an automobile accident in which personal injury occurs without making identity known, as provided in section 10 of said traffic acts;

A conviction of an offense in any other State, which if committed in the District of Columbia would be a violation of any of the aforesaid provisions of the traffic acts of the District of Columbia;

shall be suspended by the Commissioners of the District of Columbia or their designated agent and shall remain so suspended and shall not at any time thereafter be renewed, nor shall any other motor vehicle be thereafter registered in his name until he shall give proof of his ability to respond thereafter in damages resulting from the ownership or operation of a motor vehicle and arising by reason of personal injury to or death of any one person of at least $5,000, and, subject to the aforesaid limit for each person injured or killed, of at least $10,000 for such injury to or the death of two or more persons in any one accident, and for damage to property of at least $1,000 resulting from any one accident. Such proof in said amounts shall be furnished for each motor vehicle owned or registered by such person. If any such person shall fail to furnish said proof, his operator's permit and registration certificates shall remain suspended and shall not at any time thereafter be renewed, nor shall any other motor vehicle be thereafter registered in his name until such time as said proof be given. If such person shall not be a resident of the District of Columbia the privilege of operating any motor vehicle in the District of Columbia and the privilege of operation within the District of Columbia of any motor vehicle owned by him shall be withdrawn until he shall have furnished such proof: *Provided*, That in case of both residents and nonresidents, however, if it shall be duly established to the satisfaction of the said Commissioners or their designated agent, and the said Commissioners or their designated agent shall so find (a) that any such person so convicted, or who shall have pled guilty or forfeited bond or collateral, was, upon the occasion of the violation upon which such conviction, plea, or forfeiture was based, a chauffeur or motor-vehicle operator, however designated, in the employ of the owner of such motor vehicle; or a member of the same family and household of the owner of such motor vehicle, and (b) that there was not, at the time of such violation, or subsequent thereto, up to the date of such finding, any motor vehicle registered in the District of Columbia in the name of such person convicted, entering a plea of guilty or forfeiting bond or collateral, as aforesaid, then in such event, if the person in whose name such motor vehicle is registered shall give proof of ability to respond in damages, in accordance with the provisions of this act (and the said Commissioners or their designated agent shall accept such proof from such person), such chauffeur or other person, as aforesaid, shall thereupon be relieved of the necessity of giving such proof in his own behalf. It shall be the duty of the clerk of the court in which any such judgment or order is rendered or other action taken to forward immediately to the said Commissioners or their designated agent a certified copy or transcript thereof, which said certified copy or transcript shall be prima facie evidence of the facts therein stated.

Mr. RANDOLPH. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, yesterday afternoon there appeared as one of the witnesses before the Special Committee on the Investigation of Crime in the District of Columbia, Inspector Lamb, in charge of the traffic bureau of the Metropolitan Police of the District of Columbia. The testimony given by Inspector Lamb was of such a nature that I believe the Members here upon the floor in consideration of this financial responsibility legislation should be apprized of his remarks.

In 1933, the calendar year, in the District of Columbia there were 80 fatalities from automobile accidents.

In 1934 the figure had jumped to 135 deaths from accidents within the District of Columbia.

Already this year, in less than 2½ months, when the record was compiled, there have been 28 deaths in the District of Columbia by motor-vehicle accidents.

Such figures should cause us to realize we have a terrible traffic condition within the District of Columbia and the Members of this House this afternoon in the consideration of a financial-responsibility law should know that we must have great concern, not only as Representatives of the districts from which we come but as representatives of the District of Columbia as well, in seeing to it that there is speedy enactment of this legislation which we have under consideration this afternoon, which has previously passed this House and which calls upon us as Members here today to give our full approval, our hearty cooperation, and, finally, to pass legislation which will help in future months to bring about a decrease in traffic deaths in the District of Columbia. [Applause.]

Mr. LORD. Mr. Speaker, I rise in opposition to the pro forma amendment.

I am interested in protection for the people who ride in taxicabs in this city. The gentleman from West Virginia has just given us some figures as to accidents in this city during the last 2 years. He told us that in 1933 there were 80 accidents and in 1934 there were 135.

The rate in 1934 was very high, but we may go back 10 years and in 1924 there were 91 accidents at that time, and this has been about the average in the years past up until 1933. With the exception of 2 years, 1933 was the lowest rate we have had in 10 years in the District of Columbia. Last year, of course, it went up to 135, which is very bad. Yet 1933 was low in comparison to the increase in cars.

I say we should provide for insurance for all cars and we should have something that will protect the people. We have in the State of New York for the driver of cars not for hire this very act, but it has not cut down the number of accidents any and has not relieved the situation.

For the cars for hire we have an insurance law, and the taxicab operators must carry insurance in order to drive.

Now, this act proposed for Washington is not fair to the public and it is not fair to the driver. The public supposes that it is being protected, and the driver, if he once has an accident, cannot drive again until he pays up the cost of that accident; and if he is a poor man he cannot pay, therefore is put out of a job.

I know in my own district of one young man who was out driving with a young lady and the young lady was killed. They got a judgment of $5,000 against him and he had no insurance. He never can drive again until he pays up the $5,000, and he cannot pay the $5,000 because he has not the money. The family of the girl cannot recover on account of the death because the young man did not carry insurance and is not responsible.

I think we should pass an act that will take care of the public and protect the driver himself. The same thing will happen to the taxicab driver. He will not be able to take out insurance under this act.

If he was compelled to take out insurance, if he could raise the rate from 20 cents to 30 cents to cover cost of insurance, he would be protected and the public would be protected.

The average person has but one accident in a lifetime. If you pass this bill, we will not be able to get a compulsory-insurance bill through.

Mrs. NORTON. Will the gentleman yield?

Mr. LORD. I yield.

Mrs. NORTON. Massachusetts has had this bill for a number of years. Later on they passed a compulsory bill. After the compulsory bill passed they claim that they had many more accidents than they had under this bill. The motor commissioner went before the legislature this year and asked the repeal of the compulsory bill. He said the drivers placed all the responsibility on the insurance companies, saying that if they had an accident the insurance company would pay, whereas under this bill, or one similar

to it—and the gentleman from Massachusetts [Mr. McCORMACK] will bear me out—they did not have nearly the number of accidents that they had under the compulsory law.

Mr. LORD. When an accident occurs they have insurance and the public is protected.

Mrs. NORTON. Has the gentleman ever had an accident where the driver had insurance and tried to collect?

Mr. LORD. I never had an accident.

Mrs. NORTON. I can tell the gentleman that it he had an accident he would have more difficulty in getting relief under the compulsory law than under this law.

Mr. LORD. In the District of Columbia in 1933 there were 80 accidents; in 1934, 135; and in 1930, 77. In some years there are more accidents than in others, and when they have not had any insurance at all. Therefore the contention that insurance causes more accidents than no insurance to my mind does not hold good. I know that insurance companies will not pay if they can avoid payment, but this is not a good argument for not insuring and protecting the public. I hope the bill does not pass.

The SPEAKER pro tempore (Mr. WOODRUM). The time of the gentleman from New York has expired.

Mr. SISSON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from New York makes the point of order that there is no quorum present. Evidently there is no quorum present.

Mr. COCHRAN. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 41]

Adair	Doxey	Higgins, Mass.	Peyser
Allen	Driscoll	Hildebrandt	Pierce
Andrews, N. Y.	Driver	Holmes	Polk
Arends	Dunn, Miss.	Hook	Rayburn
Bankhead	Eaton	Johnson, Okla.	Richardson
Barden	Farley	Johnson, W. Va.	Robinson, Utah
Beam	Ferguson	Kennedy, N. Y.	Robsion, Ky.
Berlin	Fish	Kerr	Sabath
Binderup	Flannagan	Kleberg	Sandlin
Bolton	Ford, Calif.	Kopplemann	Schaefer
Brennan	Fulmer	Kvale	Schneider
Brewster	Gambrill	Lamneck	Seger
Brown, Mich.	Gassaway	Lehlbach	Shannon
Cannon, Wis.	Gifford	McKeough	Short
Casey	Gingery	McMillan	Smith, W. Va.
Chapman	Granfield	McSwain	Snell
Claiborne	Gray, Ind.	May	Stewart
Clark, Idaho	Gray, Pa.	Meeks	Sumners, Tex.
Coffee	Greenway	Merritt, Conn.	Sweeney
Cooley	Greenwood	Miller	Thompson
Crosby	Griswold	Montague	Tinkham
Crowe	Haines	Mott	Tobey
Crowther	Harter	O'Malley	Treadway
Culkin	Hartley	Palmisano	Walter
Cummings	Healey	Parsons	Warren
Daly	Hess	Peterson, Ga.	Wilson, Pa.
DeRouen	Higgins, Conn.	Pettengill	Wolfenden
Dies			

The SPEAKER pro tempore. Three hundred and twenty-three Members have answered to their names, a quorum.

Mrs. NORTON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

APPROPRIATIONS FOR RELIEF (H. J. RES. 117)

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House on Joint Resolution 117 may have until 12 o'clock tonight to file a conference report.

The SPEAKER pro tempore. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Is this agreeable to the Republican conferees?

Mr. BUCHANAN. I have not consulted with them, but I have no doubt that it will be absolutely agreeable to them.

Mr. MARTIN of Massachusetts. Is it the gentleman's purpose to call the joint resolution up tomorrow?

Mr. BUCHANAN. No. Really I do not believe that we will get a report to file tonight, but if we do, I want the privilege of filing it, because the relief funds will be exhausted by April 1, and there is only $4,000,000 remaining in the relief fund.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have consulted with the gentleman from New York [Mr. BACON]. I have no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas.

There was no objection.

The conference report and statement is as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 117) making appropriations for relief purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 10, 11, 12, 16, 20, 25, and 28.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 6, 8, 9, 17, 21, 22, and 24, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: " provide relief, work relief, and to increase employment by providing for useful projects "; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: ": *Provided*, That except as to such part of the appropriation made herein as the President may deem necessary for continuing relief as authorized under the Federal Emergency Relief Act of 1933, as amended, or for restoring to the Federal Emergency Administration of Public Works any sums which after December 28, 1934, were by order of the President impounded or transferred to the Federal Emergency Relief Administration from appropriations heretofore made available to such Federal Emergency Administration of Public Works (which restoration is hereby authorized), this appropriation shall be available for the following classes of projects, and the amounts to be used for each class shall not, except as hereinafter provided, exceed the respective amounts stated, namely: (a) Highways, roads, streets, and grade-crossing elimination, $800,000,000; (b) rural rehabilitation and relief in stricken agricultural areas, and water conservation, transmountain water diversion and irrigation and reclamation, $500,000,000; (c) rural electrification, $100,000,000; (d) housing, $450,000,000; (e) assistance for educational, professional, and clerical persons, $300,000,000; (f) Civilian Conservation Corps, $600,000,000; (g) loans or grants, or both, for projects of States, Territories, possessions, including subdivisions and agencies thereof, and self-liquidating projects of public bodies thereof, municipalities, and the District of Columbia, where not less than one-third of the loan or the grant or the aggregate thereof is for expenditures for direct work, $900,000,000; (h) sanitation, prevention of soil erosion, prevention of stream pollution, seacoast erosion, reforestation, forestation, flood control, rivers and harbors, and miscellaneous projects, $350,000,000: *Provided further*, That not to exceed 20 percent of the amount herein appropriated may be used by the President to increase any one or more of the foregoing limitations if he finds it necessary to do so in order to effectuate the purpose of this joint resolution: *Provided further*, That no part of the appropriation made by this joint resolution shall be expended for munitions, warships, or military or naval matériel; but this proviso shall not be construed to prevent the use of such appropriation for new buildings, reconstruction of buildings, and other improvements in military or naval reservations, posts, forts, camps, cemeteries, or fortified areas, or for projects for nonmilitary or nonnaval purposes in such places "; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter inserted by the said amendment insert the following:

" Except as hereinafter provided, all sums allocated from the appropriation made herein for the construction of public highways and other related projects (except within or adjacent to national forests, national parks, national parkways, or other Federal reservations) shall be apportioned by the Secretary of Agriculture in the manner provided by section 204 (b) of the National Industrial Recovery Act for expenditure by the State highway departments under the provisions of the Federal Highway Act of November 9, 1921, as amended and supplemented, and subject to the provisions of section 1 of the act of June 18, 1934 (48 Stat. 993): *Provided*, That any amounts allocated from the appropriation made herein for the elimination of existing hazards to life at railroad grade crossings, including the separation or protection of grades at crossings, the reconstruction of existing railroad grade crossing

structures, and the relocation of highways to eliminate grade crossings, shall be apportioned by the Secretary of Agriculture to the several States (including the Territory of Hawaii and the District of Columbia), one-half on population as shown by the latest decennial census, one-fourth on the mileage of the Federal-aid highway system as determined by the Secretary of Agriculture, and one-fourth on the railroad mileage as determined by the Interstate Commerce Commission, to be expended by the State highway departments under the provisions of the Federal Highway Act of November 9, 1921, as amended and supplemented, and subject to the provisions of section 1 of such act of June 18, 1934 (48 Stat. 993); but no part of the funds apportioned to any State or Territory under this joint resolution for public highways and grade crossings need be matched by the State or Territory: *And provided further*, That the President may also allot funds made available by this joint resolution for the construction, repair, and improvement of public highways in Alaska, Puerto Rico, and the Virgin Islands, and money allocated under this joint resolution to relief agencies may be expended by such agencies for the construction and improvement of roads and streets: *Provided, however*, That the expenditure of funds from the appropriation made herein for the construction of public highways and other related projects shall be subject to such rules and regulations as the President may prescribe for carrying out this paragraph and preference in the employment of labor shall be given (except in executive, administrative, supervisory, and highly skilled positions) to persons receiving relief, where they are qualified, and the President is hereby authorized to predetermine for each State the hours of work and the rates of wages to be paid to skilled, intermediate, and unskilled labor engaged in such construction therein: *Provided further*, That rivers and harbors projects, reclamation projects (except the drilling of wells, development of springs and subsurface waters), and public buildings projects undertaken pursuant to the provisions of this joint resolution shall be carried out under the direction of the respective permanent Government departments or agencies now having jurisdiction of similar projects."

And the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the last word in the matter inserted by said amendment insert the following: "joint resolution"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"Any administrator or other officer, or the members of any central board, or other agency, named to have general supervision over the program and work contemplated under the appropriation made in section 1 of this joint resolution, and State or regional administrators (except persons now serving as such under other law), shall be appointed by the President, by and with the advice and consent of the Senate."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"SEC. 4. In carrying out the provisions of this joint resolution the President is authorized to establish and prescribe the duties and functions of necessary agencies within the Government."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out "4" and insert "5"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 7. The President shall require to be paid such rates of pay for all persons engaged upon any project financed in whole or in part, through loans or otherwise, by funds appropriated by this joint resolution, as will in the discretion of the President accomplish the purposes of this joint resolution, and not affect adversely or otherwise tend to decrease the going rates of wages paid for work of a similar nature.

"The President may fix different rates of wages for various types of work on any project, which rates need not be uniform throughout the United States: *Provided, however*, That whenever permanent buildings for the use of any department of the Government of the United States, or the District of Columbia, are to be constructed by funds appropriated by this joint resolution, the provisions of the act of March 3, 1931 (U. S. C., Supp. VII, title 40, sec. 276a), shall apply, but the rates of wages shall be determined in advance of any bidding thereon."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out "7" and insert in lieu thereof "8"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In line 6 of the matter inserted by said amendment strike out the words "upon such department" and insert in lieu thereof the word "thereupon", and in line 7 of such matter, after the word "this", insert the word "joint"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out "14" and insert in lieu thereof "13"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In line 1 of the matter inserted by said amendment strike out "15" and insert in lieu thereof "14", and in line 4, after "1935", insert the following: "as amended"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the number proposed insert "13"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the number proposed insert "16"; and the Senate agree to the same.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
WILLIAM W. ARNOLD,
W. B. OLIVER,
Managers on the part of the House.

CARTER GLASS,
KENNETH MCKELLAR,
ROYAL S. COPELAND,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 117) making appropriations for relief purposes submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On no. 1: In lieu of the four general purposes of the House bill stricken out by the Senate and in lieu of the provision in the Senate bill "to provide relief and work relief" there is inserted the following: "to provide relief, work relief, and to increase employment by providing for useful projects."

On no 2: Strikes out, as proposed by the Senate, the provision in the House bill that the expenditure of the appropriation shall be made under the direction of the President "in such manner and for such purposes and/or such projects, Federal or non-Federal, as shall be adapted to the accomplishment of any one or more of the objectives specified in clause (1), (2), (3), or (4) of the House bill.

On no. 3: Provides for the allocations as set forth in the Senate amendments, modified as follows:

Makes clear that the restoration of certain amounts to the Public Works Administration is authorized.

Provides for "assistance for educational, professional, and clerical persons", with an allocation of $300,000,000, instead of "projects for professional and clerical persons", in the same amount.

Provides for "loans or grants, or both, for projects of States, Territories, possessions, including subdivisions and agencies thereof, and self-liquidating projects of public bodies thereof, municipalities, and the District of Columbia, where not less than one-third of the loan or the grant or the aggregate thereof is for expenditures for direct work" in the sum of $900,000,000, in lieu of "loans or grants for public projects of States and Territories and the District of Columbia or political subdivisions or agencies thereof", in the same amount.

Makes provision for prevention of stream pollution.

In the final proviso prohibiting expenditure for munitions, warships, or military or naval matériel, makes clear that the appropriation may be used for new buildings, reconstruction of buildings and other improvements in military or naval reservations, etc.

On no. 4: Strikes out of the House bill, as proposed by the Senate, the authority that "specific powers hereinafter vested in the President shall not be construed as limiting the general powers and discretion vested in him by this section."

On no. 5: Retains in substance the amendment but strikes out of that part relating to highways and grade crossings, all provision for the expenditure of sums authorized for the fiscal year 1936 under the Highway Act of June 18, 1934, and provides that the expenditure of funds in the joint resolution for highways and other related projects "shall be subject to such rules and regulations as the President may prescribe for carrying out this paragraph"; and in the final proviso relating to the carrying on of river and harbor projects, reclamation projects, and public-building projects, inserts the Senate provision modified so as to make more clear its intent.

On no. 6: Inserts the amendment proposed by the Senate authorizing the use of funds made available by the joint resolution for the purpose of making loans to finance the purchase of farm lands and equipment by farmers, farm tenants, croppers, or farm laborers.

On no. 7: Inserts the amendment proposed by the Senate authorizing the use of funds made available by the joint resolution, in the discretion of the President, for the administration of the Agricultural Adjustment Act during the period of 12 months after the enactment of the joint resolution.

On nos. 8 and 9: Provides, as proposed by the Senate, that the appropriation made shall be available for use only in the United States and its Territories and possessions, and excludes the Philippine Islands, which were included in the House bill.

On nos. 10 and 11: Provides, as proposed by the House bill, that the services and supplies to be acquired under the joint resolution shall not be subject to competitive bidding and advertising when the aggregate amount involved is less than $300.

On no. 12: Provides, as proposed by the House bill, that the Classification Act of 1923, as amended, shall not apply in the fixing of salaries under section 3.

On no. 13: Inserts as a substitute for the Senate amendment providing for confirmation of certain persons to be appointed or designated by the President the following:

"Any administrator or other officer, or the members of any central board, or other agency, named to have general supervision over the program and work contemplated under the appropriation made in section 1 of this joint resolution, and State or regional administrators (except persons now serving as such under other law), shall be appointed by the President, by and with the advice and consent of the Senate."

On no. 14: Strikes out, as proposed by the Senate, section 4 of the House bill relating to the establishment of new agencies, the utilization and prescribing of the duties and functions of Government agencies, the consolidation, redistribution, abolition, etc., of emergency agencies, and the delegation of powers conferred on the President, and inserts as a substitute a section which provides that in carrying out the provisions of this joint resolution the President is authorized to establish and prescribe the duties and functions of necessary agencies within the Government.

On no. 15: Strikes out, as proposed by the Senate, section 5 of the House bill providing for the guaranty of loans to, or payments of, needy individuals, and the making of grants and/or loans and/or contracts, and the acquisition of real property, and inserts in lieu thereof the Senate amendment providing for the acquisition, etc., of real property which is identical with the matter in the House section relative to real property with the exception of authority to "maintain" real property, which is omitted.

On nos. 16 and 17: Corrects the section number, and provides a maximum penalty of $1,000, as proposed by the Senate, instead of $5,000, as proposed by the House, for any violation of any rule or regulation prescribed by the President.

On no. 18: Inserts the new section proposed by the Senate providing that the President shall require to be paid such rates of pay for all persons engaged upon any project financed, in whole or in part, through loans or otherwise, by funds appropriated by the joint resolution as will, in his discretion, accomplish its purposes and not affect adversely or otherwise tend to decrease the going rates of wages paid for work of a similar nature; and also authorizes the President to fix different rates of wages for various types of work, which rates need not be uniform throughout the United States. The proviso of the second paragraph of the amendment, relating to wages upon construction of permanent buildings for use of any department of the Government, is modified so as to make applicable to such construction, in lieu of the requirement in the Senate amendment of "any law of the United States or any code", the provisions of the act of March 3, 1931 (the Davis-Bacon Act), with the further condition that the rates of wages shall be determined in advance of any bidding thereon.

On no. 19: Inserts, as proposed by the Senate, a new section which provides that wherever practicable full advantage shall be taken of the facilities of private enterprise in carrying out the provisions of the joint resolution.

On no. 20: Strikes out the section inserted by the Senate requiring sanitary plumbing work in connection with building construction under the resolution to be let separately by contract to the lowest qualified bidder.

On no. 21: Inserts a new section, proposed by the Senate, providing for a fine of not more than $2,000 or imprisonment for not more than 1 year, or both, for any fraud or attempted fraud in connection with the operations under the joint resolution.

On no. 22: Inserts a new section, as proposed by the Senate, continuing in full force and effect until June 30, 1936, or such earlier date as the President by proclamation may fix, the provisions of the Federal Emergency Relief Act of 1933, as amended.

On no. 23: Inserts a new section, as proposed by the Senate, which prohibits the expenditure of any of the funds appropriated by the joint resolution for administrative expenses of any department, bureau, etc., if such administrative expenses are ordinarily financed from annual appropriations, unless additional work is imposed upon such department, bureau, etc., by reason of the joint resolution.

On no. 24: Inserts a new section, proposed by the Senate, continuing until June 30, 1937, the Public Works Administration, and authorizes the Administration to perform such of its functions under title II of the National Industrial Recovery Act and under this joint resolution as may be authorized by the President. The section also continues available until June 30, 1937, all sums appropriated to carry out the purposes of the National Industrial Recovery Act. The section also authorizes the President to sell securities acquired under that act and this joint resolution and to use the proceeds for making further loans under that act and this joint resolution.

On no. 25: Strikes out the amendment inserted by the Senate making available not to exceed $40,000,000 to the States, on the basis of demonstrated need, to enable them to maintain their public schools for the remainder of the current school year. In connection with this action, attention is called to the provision in the modification of Senate amendment no. 3, in the allocation of $300,000,000, wherein provision is made for "assistance for educational, professional, and clerical persons."

On no. 26: Retains the section inserted by the Senate providing for the application to the expenditure of funds directly by the United States and funds granted or distributed for expenditure otherwise, of the Federal law providing for the acquisition of articles, materials, and supplies mined, produced, or manufactured in the United States (American-made goods).

On no. 27: Inserts the section proposed by the Senate extending until March 31, 1937, the act under the authority of which is maintained the Civilian Conservation Corps.

On no. 28: Strikes out the amendment inserted by the Senate providing for expansion of the currency through the issuance of silver certificates and the acceptance of silver in settlement and adjustment of any balance due the United States.

On nos. 29 and 30: Corrects section numbers.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
WILLIAM W. ARNOLD,
W. B. OLIVER,
Managers on the part of the House.

RESPONSIBILITY OF MOTOR-VEHICLE OPERATORS, DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I move to close debate on this section and all amendments thereto.

The SPEAKER pro tempore. The question is on the motion of the gentlewoman from New Jersey to close debate on this section and all amendments thereto.

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 70, noes 17.

So the motion was agreed to.

The Clerk read as follows:

SEC. 3. The operator's permit and all of the registration certificates of any person, in the event of his failure to satisfy every judgment arising from an accident, or accidents, happening subsequently to the effective date of this act and which shall have become final by expiration, without appeal, of the time within which appeal might have been perfected or by final affirmance on appeal, rendered against him by a court of competent jurisdiction in the District of Columbia or any State, or in a district court of the United States, for damages on account of personal injury, or damages to property in excess of $100, resulting from the ownership or operation of a motor vehicle by him, his agent, or any other person with the express or implied consent of the owner, shall be forthwith suspended by the said Commissioners or their designated agent upon receiving a certified copy of such final judgment or judgments from the court in which the same is or are rendered showing such judgment or judgments to have been still unsatisfied more than 30 days after the same became final, and shall remain so suspended and shall not be renewed, nor shall any other motor vehicle be thereafter registered in his name while any such judgment remains unstayed, unsatisfied, and subsisting, nor until every such judgment is satisfied or discharged, except by a discharge in bankruptcy, and until the said person gives proof of his ability to respond in damages, as required in section 4 of this act, for future accidents. It shall be the duty of the clerk of the court in which any such judgment is rendered to forward immediately upon the expiration of said 30 days to the said Commissioners or their designated agent a certified copy of such judgment or a transcript thereof. In the event the defendant is a nonresident, it shall be the duty of the said Commissioners or their designated agent to transmit to the Commissioner of Motor Vehicles (or officer in charge of the issuance of operators' permits and registration certificates) of the State of which the defendant is a resident a certified copy of the said judgment. If after such proof has been given any other such judgment shall be recovered against such person for any accident occurring before such proof was furnished, and after the effective date of this act such permit and certificates shall again be and remain suspended while any such judgment remains unsatisfied and subsisting: *Provided however*, That (1) when $5,000 has been credited upon any judgment or judgments rendered in excess of that amount for personal injury to or the death of 1 person as the result of any 1 accident; (2) when, subject to the limit of $5,000 for each person, the sum of $10,000 has been credited upon any judgments rendered in excess of that amount for personal injury to or the death of

more than 1 person as the result of any 1 accident; or (3) when $1,000 has been credited upon any judgment or judgments rendered in excess of that amount for damage to property as the result of any 1 accident resulting from the ownership or operation of a motor vehicle by such judgment debtor, his agent, or any other person, with his express or implied consent, then and in such event such payment or payments shall be deemed a satisfaction of such judgment or judgments for the purposes of this section only: *And provided further*, That a judgment debtor to whom this section applies may, for the sole purpose of giving authority to the Commissioners or their designated agent to authorize the judgment debtor to operate a motor vehicle thereafter, on due notice to the judgment creditor, apply to the court in which the trial judgment was obtained for the privilege of paying such judgment in installments, and the court, in its discretion and without prejudice to any other legal remedies which the judgment creditor may have, may so order, fixing the amounts and times of payment of the installments. While the judgment debtor is not in default in payment of such installments, the Commissioners or their designated agent upon his giving proof of ability to respond in damages for future accidents, as herein provided, may, in their discretion, restore or refrain from suspending his operator's permit and registration certificate or certificates; but such permit and certificate or certificates shall be suspended as hereinbefore provided if and when the Commissioners or their designated agent are satisfied that the judgment debtor has failed to comply with the terms of the court order.

Whenever any motor vehicle, after the passage of this act, shall be operated upon the public highways of the District of Columbia by any person other than the owner, with the consent of the owner, express or implied, the operator thereof shall, in case of accident, be deemed to be the agent of the owner of such motor vehicle, and the proof of the ownership of said motor vehicle shall be prima facie evidence that such person operated said motor vehicle with the consent of the owner.

If any such motor-vehicle owner or operator shall not be a resident of the District of Columbia, the privilege of operating any motor vehicle in the District of Columbia and the privilege of operation within the District of Columbia of any motor vehicle owned by him shall be withdrawn, while any final judgment procured against him for damages, including personal injury or death caused by the operation of any motor vehicle, in the District of Columbia or elsewhere, shall be unstayed, unsatisfied, and subsisting, for more than 30 days, and until he shall have given proof of his ability to respond in damages for future accidents as required in section 4 of this act.

The operation by a nonresident or by his agent of a motor vehicle on any public highway of the District of Columbia shall be deemed equivalent to an appointment by such nonresident of the director of vehicles and traffic or his successor in office to be his true and lawful attorney upon whom may be served all lawful processes in any action or proceedings against such nonresident growing out of any accident or collision in which said nonresident or his agent may be involved while operating a motor vehicle on any such public highway, and said operation shall be a signification of his agreement that any such process against him, which is so served, shall be of the same legal force and validity as if served upon him personally in the District of Columbia. Service of such process shall be made by leaving a copy of the process with a fee of $2 in the hands of the director of vehicles and traffic or in his office, and such service shall be sufficient service upon the said nonresident: *Provided*, That the plaintiff in such action shall first file in the court in which said action is commenced an undertaking in form and amount, and with one or more sureties, approved by said court, to reimburse the defendant, on the failure of the plaintiff to prevail in the action, for the expenses necessarily incurred by the defendant, including a reasonable attorney's fee in an amount to be fixed by the said court, in defending the action in the District of Columbia: *And provided further*, That notice of such service and a copy of the process are forthwith sent by registered mail by the plaintiff, or his attorney, to the defendant, and the defendant's return receipt appended to the writ and entered with the declaration, or such notice of such service and a copy of the process may be served upon the defendant in the manner provided by section 105 of the Code of Laws for the District of Columbia. The court in which the action is pending may order such continuances as may be necessary to afford the defendant a reasonable opportunity to defend the action, and no judgment by default in any such action shall be granted until at least 20 days shall have elapsed after service upon the defendant, as hereinabove provided, of a copy of the process and notice of service of said process upon the director of vehicles and traffic.

Mr. SCHULTE. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 10, after line 5, add the following section:

"SEC. 4. No permit or license shall be issued for the operation of a taxicab within the District of Columbia without approval of the Public Utilities Commission; prior to issuance of permit or license a bond or policy of insurance must be furnished conditioned for the payment of all judgments obtained through the negligence, recklessness, or carelessness in operation or defective condition of such vehicle in the amount of $2,500 for injury to or death of any one person, and $5,000 for the injury to or death of two or more persons in any one accident, and for damages to property in the amount of $1,000 from any one accident, said policy to be in a company approved by the Insurance Commissioner as to financial responsibility.

"No permit or license shall be issued or transferred except as to persons licensed at the effective date of this act until the number licensed shall be less than 2,500, and thereafter only to that limit."

Mr. PATMAN. Mr. Speaker, I make the point of order that the amendment is not germane to this section of the bill.

The SPEAKER pro tempore. This amendment is offered as a new section. The Chair thinks it is in order.

Mr. PATMAN. It would probably have been in order on section 2.

The SPEAKER pro tempore. The Chair thinks this is in order. The gentleman from Indiana is recognized for 5 minutes.

Mr. SCHULTE. Mr. Speaker, the statement has been made that this amendment is being offered by the insurance companies, or that they are behind the offering of it. Allow me to say that no insurance company has prompted anyone to offer this. This is prompted by the people of the District of Columbia who are in the habit of riding in these taxicabs. They are the ones who are insisting on liability insurance. They have no voice here, and we as their representatives should see to it that they do have compulsory insurance. The gentlewoman from New Jersey [Mrs. NORTON] has made the statement that 21 States have adopted a bill similar to this amendment. Allow me to say that she is right; but she does not go further and state that cities in the States have perfected it to the extent that they have $5,000 and $10,000 liability on taxicabs. The bill before the House does not take care of taxicab insurance at all.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. SCHULTE. Yes.

Mr. GREEN. Would the adoption of that amendment tend to raise the fares charged by the taxicabs in the District of Columbia?

Mr. SCHULTE. It would not.

Mr. DONDERO. Does the gentleman's amendment provide or does the bill before the House provide that a person in order to obtain a license to run a taxicab in the District of Columbia must be a resident of the District of Columbia?

Mr. SCHULTE. No.

Mr. DONDERO. The driver could reside in Virginia or Maryland?

Mr. SCHULTE. Yes; or any other place. Let me make this startling statement: In the city of Washington today we have operating on the streets of Washington 4,375 taxicabs, and that in a city of 500,000 people.

The city of Philadelphia has 1,200 taxicabs; Baltimore, 900; Cleveland, 600; Chicago, Ill., with a population of nearly 4,000,000, has 3,160. Under my amendment we are trying to limit this, as they drop out, to 2,500, so that there will be a living in it for the taxicab operators who are operating in the District of Columbia. Everyone will agree that there is not a living in it today with 4,375 taxicabs in the city.

Now, going back to the insurance phase of it, when anyone makes the statement that the insurance companies are fostering this, they are stating an untruth. I brought this in at the request of the citizens of the District of Columbia. They feel they are entitled to this protection. Under this bill they will not receive any protection, but they will receive it under my amendment. We do not go as far as they have gone in other cities throughout the States. We are putting a limitation of $2,500. In other cities it is $5,000, and in the lady's own city they have the 5-and-10 limit, but in the District of Columbia they are satisfied with $2,500.

We are told that there is another bill coming up. You know how far we will get with liability insurance on taxicabs. If we do not put it into this bill, there is not a chance under the sun of the committee reporting it out. You who have been here longer than I know what has happened. There was a death right out here at the very front steps of our

Capitol, when one of our Members was killed. What insurance did his family collect? The Diamond Taxicab Co. has been brought into the picture. They seem to be monopolizing the District of Columbia. Does any Member know how many cases are pending against the Diamond Taxicab Co.? Their operators pay back to the Diamond Cab Co. $17.50 a month. No one has ever been able to fathom that. No one knows where that $17.50 goes. They tell you it is for insurance, but when you have an accident with one of the Diamond Cab drivers he tells you he is responsible for the first $25; if he does not report it in 24 hours, he is responsible for the first $50, and the poor fellow does not have the $50, owing to the fact that he is buying the cab on time, 90 percent of the time from the people he is operating it for. In other words, he is a hireling with no sense of responsibility.

Mrs. NORTON. Will the gentleman yield?

Mr. SCHULTE. I yield.

Mrs. NORTON. The chairman would like to know who those people are that the gentleman has in mind. During the entire consideration of this bill we heard nothing but comments in favor of the bill, and we have heard no objection to the bill except from one particular source.

Mr. SCHULTE. We are heartily in favor of the bill with this amendment. We appreciate the fact that there should be public-liability insurance with private automobiles, but under this bill it does not come in for the District of Columbia.

Mrs. NORTON. I say to the gentleman that he has a perfect right to do everything in his power to bring a liability bill before Congress and have it passed upon its own merits. It does not belong in this bill.

Mr. SCHULTE. Let me say we will never get it passed if it is not taken care of in this amendment. I hope this amendment is accepted.

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I rise in opposition to the amendment.

Up until a few days ago no bill was pending in the House of Representatives providing for taxicab insurance, as requested by the gentleman from Indiana [Mr. SCHULTE]. I happen to be chairman of the subcommittee which will handle the legislation. I wish to promise the gentleman now that he can have a hearing on that legislation any time he wants it, and the hearing will be continued until every witness has been heard that the gentleman desires to be heard. Then if that subcommittee is against the bill I will personally ask, as one who is opposed to it, that it be submitted to the full committee for consideration. If that whole committee brings it to the floor of this House, I will oppose it only in a fair way. I do not fight any other way except in a fair way. I will not make any points of no quorum for the purpose of delay, and I will not try to stop it, except with a presentation of the fact. I will only fight fair. If we do not have the facts on our side, we are not entitled to win. But this proposal has no place on this particular legislation. The bill before us is a good bill. It will stop accidents in the District. It will not penalize those who are not causing the accidents. It will place a penalty on those few who do cause accidents.

The gentleman said he wanted to reduce the number of taxicabs to 2,500. You know what that means. They have been trying to do that for years. If you are in favor of a monopoly or a trust in the taxicab business in the District of Columbia, you should vote for the gentleman's amendment, because that will create a monopoly. It will put the business into a little channel where they have wanted it for years.

Mr. SCHULTE. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SCHULTE. Does the gentleman feel that there is a living in it for anyone, with 4,375 taxicab operators on the streets of Washington?

Mr. PATMAN. They are getting by with it. Is the gentleman willing to take 1,875 men and their families out of this business and put them on relief? That is what the gentleman's amendment will do.

Mrs. NORTON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mrs. NORTON. I have been riding in taxicabs for 10 years, probably on an average of five times a day. I have seldom gotten into a taxicab that I have not interrogated the man concerning his condition. I have found that in every case they have told me they could make $3 or $4 a day as a minimum wage, and that they much preferred to have it that way than to have nothing at all.

Mr. RANDOLPH. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RANDOLPH. The gentleman always is eminently fair. I think the statement he has made this afternoon is significant to the Membership, wherein the gentleman says that, even though he is against this compulsory insurance, he feels that his committee would make a favorable report.

Mr. PATMAN. And if it does not, I will present it to the whole committee myself and ask them to pass upon it. Then if they make a favorable report in the House, I will do nothing to stop it except as I have said. I will simply present the arguments against it.

Mr. RANDOLPH. Mr. Speaker, will the gentleman yield further?

Mr. PATMAN. I yield.

Mr. RANDOLPH. I want to say further—the gentleman is eminently fair—I believe he will agree with me here today that his subcommittee will report it favorably and that the District Committee will report it favorably.

Mr. PATMAN. Personally, I think a majority of the members of the committee are in favor of it. Last year I was the only one opposed to it; and the committee has not changed a great deal. I am perfectly willing for them to bring such a bill in, but, in my opinion, this amendment has no place whatever on the pending bill. It involves an added burden for the people of the District of Columbia of $1,500,000 in extra taxicab fares, and you will probably pay 40 or 60 cents instead of 20 cents to go from here to the Raleigh Hotel or the Post Office Department.

Mr. GREEN. And that is exactly what we used to have to pay.

Mr. CARPENTER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CARPENTER. Does the taxicab liability bill the gentleman has mentioned have any relationship to the bill now before the House?

Mr. PATMAN. No direct relationship at all, none in the world; and I hope the Members will vote down this amendment.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DONDERO. The gentleman from Indiana, who offered the amendment, made the statement that there were more taxicabs in the city of Washington thay any other city of the Nation. I might observe in this connection that there is not a city in the Nation where conditions are as they are in Washington.

Mr. PATMAN. That is exactly right; there is more business for taxicabs here than in any other city.

Mr. HULL. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HULL. I want to ask the gentleman if it is not perfectly apparent that if this bill passes it will completely block consideration of taxicab liability insurance?

Mr. PATMAN. If it does, we will not be adding an additional burden on the people of the District to the extent of $1,500,000.

Mr. HULL. But passage of this bill will block consideration of any other bill relating to liability insurance.

Mr. PATMAN. No; I do not think passage of this bill necessarily would block it; but I think the arguments against the other bill would block it. I know many Members who would vote against it.

Mr. DIRKSEN. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, there is nothing particularly involved or mysterious about this bill; the substance of it is recited in section 2 and provides, in brief, that if a conviction or judgment has been obtained against a hit-and-run driver or one who has been driving while drunk or under the influence of narcotics or for some other reason, he shall have his vehicle registration suspended and it shall remain suspended until he shall give proof of his ability to respond in damages. This is the substance of the bill.

You will find that this bill includes all motor vehicles, it includes taxicabs, it includes trucks privately owned, and motor vehicles that are privately owned. Much of the confusion which arises today on this bill comes from the fact that the District of Columbia is in such a peculiar condition, insofar as Congress is concerned. Congress exercises two functions for the District—we serve as a legislature and as a city council for the District of Columbia.

It has been stated that similar financial responsibility bills have been adopted in six Provinces of Canada and in a great number of States of the United States. In this respect it has been adopted by legislative action in these Provinces and States; but this action has left the municipalities free to require as a condition precedent to granting a license to a taxicab that the driver or owner of the cab first must satisfy the municipality or the director of public safety or the director of motor vehicles that he will take out a bond for the protection of the public. Here, however, we have a bill which in its present form leaves out the portion with respect to public safety that is ordinarily exercised by a city council and deals with the problem from a purely State viewpoint.

We are seeking to minimize and to reduce the number of traffic accidents and traffic deaths in the city of Washington. In order to accomplish this we can do one of two things: We can pass this responsibility bill pending before us today or we can pass a compulsory insurance bill. If we are going to exercise our prerogative as a city council for the District of Columbia, however, it becomes necessary to make provision for some kind of compulsory insurance of vehicles that hold themselves out for hire to all of the public. This is the substance of the argument in a nutshell, and it becomes rather an important and, I should say, mandatory duty upon us. Let me read to you what the Court of Appeals of the District of Columbia had to say in two cases where individuals in the District filed suits against taxicab companies. I am reading the language of the Court of Appeals of the District of Columbia:

> For we now have in Washington hundreds of taxicabs engaged very literally in a public calling performable only upon the public streets under public license holding out to the public an incorporated responsibility which they do not possess.

In other words, the court seeks to set out that these associations which operate so many taxicabs on the streets are, as a matter of fact, only loosely set up beneficial organizations which take perhaps from $10 to $17.50 a month from their drivers. They put it in a trust fund ostensibly for the benefit of those who may be injured in a taxicab accident or to satisfy a judgment; but, as a matter of fact, the trust fund is placed in the name of trustees and it cannot be touched when you resort to litigation against a taxicab company. This is one of the difficulties that arose. Continuing quoting the opinion of the court:

> Painted, named, and numbered to heighten that illusion each cab constituting a potential danger both to its passengers and to the public, yet having no financial responsibility to either beyond an equity of redemption in some used motor car.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. NICHOLS. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. The gentleman is reading from the Callas case?

Mr. DIRKSEN. This is from the Rhone case, which was considered by the same court and in which they allude to the Callas case also.

Continuing from this opinion, the court says:

> In this case even that is absent, for while Jackson asserted his ownership of the car at the license office and in his testimony, and while his ownership was stipulated by counsel, his motion papers show that he never had any interest in the car beyond attempting to buy it under a conditional sales contract subsequently forfeited.

The court goes on to say:

> The present methods of selling motor cars and licensing public vehicles lead naturally to the present situation of cutthroat responsibility in a public service of a great importance and daily danger to many persons.

Finally the court says:

> Perhaps an improvement of this situation can be found in a system of compulsory insurance preliminary to the license and running in rem with the car in favor of anyone injured by its negligent operation under any arrangement with the licensee, such as many of our States now have and such as appears to have covered hackney coaches in London for a hundred years.

That is from the Circuit Court of Appeals of the District of Columbia. In deference to the gentlewoman from New Jersey, who is chairman of the committee, may I say that perhaps we ought to go along with this bill. We have some assurance from the chairman of the subcommittee that we are going to get this compulsory liability bill out of the committee and on the floor so that everyone who jumps in a cab may have some protection against negligent operation. However, I do not want to see anyone in this House under some misapprehension. It might be that the bill will not come out of the subcommittee. If it does not, there is no compulsory insurance to be had at this session of the Congress. It might come on the floor but it might be defeated; consequently, if you believe in compulsory insurance there is one of two ways to get it. You may support the amendment of the gentleman from Indiana or you may by the grace of some kind destiny hope that the subcommittee will bring up a bill covering the matter.

Mr. Speaker, my own desire is to make clear just what the exact issue is at the present time.

Mr. HOUSTON. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kansas.

Mr. HOUSTON. I take it that the gentleman is not in favor of protecting the patrons of these taxicabs through compulsory insurance?

Mr. DIRKSEN. Yes; I think that should be done.

Mr. HOUSTON. Then what would be wrong with the amendment just offered?

Mr. DIRKSEN. I am not saying there is anything wrong with the amendment that has been offered.

Mr. CARPENTER. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kansas.

Mr. CARPENTER. The fact that we passed this bill would not be any reason for not passing the taxicab liability bill when it comes up for consideration?

Mr. DIRKSEN. No. May I say in all justice, both to the Chairman of the District Committee and to the gentleman from Indiana, that compulsory insurance is an all-inclusive subject that ought to have rather careful study. I notice in the reading of the amendment—and I followed it as closely as I could—that perhaps some provision ought to be made with respect to the details of operation and the administration of a compulsory insurance law. As the amendment is now drafted, I think it recites the maximum amount of liability and lodges authority in the Public Utilities Commission of the District of Columbia to administer the law. Whether that is sufficient or not is a matter for everyone in his individual judgment to decide.

Mr. PATMAN. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Texas.

Mr. PATMAN. The amendment contains about 50 or 75 words. Is it not a fact that a bill to properly cover this matter would probably be 20 or 25 pages long?

Mr. DIRKSEN. I do not know whether that is a fact or not. I do not think we ought to prejudice the gentleman from Indiana in that respect, however.

Mr. Speaker, my primary purpose is to summarize and get a clear-cut view of the whole situation as it stands now.

Mr. SAUTHOFF. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Wisconsin.

Mr. SAUTHOFF. In order to be safe and give protection to passengers of taxicabs, does not the gentleman think it would be advisable to adopt this amendment; then we will be sure to get the other bill out for consideration, and if it is not what we want we can reject it?

Mr. DIRKSEN. May I say to the gentleman that he is just as familiar as I with the uncertainties of legislation in this body.

Mr. RANDOLPH. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. Does not the gentleman think it is better parliamentary procedure to bring out the compulsory-insurance legislation as a separate feature, aside from the bill now under consideration? I would like to say to the gentleman that I am in favor of compulsory insurance, but I am going to vote against the pending amendment, because I do not believe this is the time to have a matter of that kind considered under an amendment hastily drawn.

Mr. DIRKSEN. In fairness I may say to the gentleman from West Virginia that possibly a much better bill could be drafted if more consideration was given to all particulars which are necessarily involved in a bill of such moment.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I rise in opposition to the pro forma amendment of the gentleman from Illinois.

Mr. Speaker, I am in favor of the bill as the gentlewoman from New Jersey brought it here. We passed this bill in the last Congress. It is a good bill and ought not to be loaded down with other propositions.

I think the Members of Congress, both in the House and Senate, have as much interest in having safe taxicabs and reasonable taxicab charges as anybody in the world. There are 435 Members. All of us have our wives and families here. We have about 900 secretaries and clerks. There are 96 Senators and they have about 600 employees in their offices. Many of these secretaries are married, with families. There are also 100,000 Government workers here and most of them patronize taxicabs. Even those who have automobiles patronize taxicabs frequently during the day and night.

Mr. SISSON. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from New York.

Mr. SISSON. Does it not occur to the gentleman that in the case of one of these Government workers, who is perhaps getting the munificent salary of $30 a week and she is crippled as the result of an accident while in a taxicab, it would be a mighty good thing for us to protect her by forcing compulsory insurance?

Mr. BLANTON. I will get down to that matter directly. There are 1,500 drivers of taxicabs here in the District who are ex-service men, many of whom served in France, and who do not belong to any organized taxi companies. Many of them are disabled. They have no other way on God's earth to earn a living for their wives and children.

They do not belong to any of these organized taxicab concerns, and the very minute you pass the amendment offered here you put them out of business and on the streets. Their families would starve.

They are making a living now. I have talked with many of them, and, as the gentlewoman from New Jersey has said, they are making anywhere from $4 a day up to as high as $7 and $8, which is more than they made for 3 years until they entered this business.

We have a cheap taxicab rate here, but the very minute you pass this amendment, instead of paying 20 cents to ride from here to the Post Office Department you will pay 75 cents if you run off of the street these 1,500 ex-service-men who are driving taxicabs here. The remaining taxicab operators will immediately go back to meters, and when you ride from here to the Washington Hotel they will charge you $1.50, and if you do not pay it you are involved in a scrap with a taxicab driver on the public streets of the Nation's Capital.

Why should there not be reasonable and safe taxicab service here under this bill? Do you not know that the very minute you pass this bill every careless taxicab driver will realize that the first time he has an accident his permit is going to be taken away from him and he will never be able to drive again until he puts up a bond? Do you not know that this is going to make him careful? Do you not know they will not hereafter cut corners here at 50 or 60 miles an hour? This bill is going to make them careful and at the same time give you good taxicab service.

We have the best taxicab service in Washington right now, better than any that exists in any other city in the entire world. We have the best and the cheapest service for the benefit of our 100,000 Government workers.

I have to keep two cars here. I keep a Ford to do my work and I keep a large car for the benefit of my constituents, and yet to save time for want of parking places I use taxicabs three or four or five times a day, sometimes. I have to keep a big car here for my constituents. That is what I am here for, to please them, and when they come to Washington I put them in my cars and show them all over this city. I am here to properly represent and look after them. [Applause.] When I have to use taxicabs in order to save time, I use them, but I could not do this if I had to pay 75 cents or a dollar and a half a round trip. I can use them at a reasonable charge.

Let us pass this bill like we passed it last year, and then we will have a reasonable, safe taxicab service.

[Here the gavel fell.]

Mr. SISSON. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, I am not opposed to the bill that has been reported here by the Committee on the District of Columbia. It is very unpleasant for me to ever oppose anything which the very able chairman of that committee, the gentlewoman from New Jersey, favors, and I know she is acting in all good faith and in all sincerity, but those of you who have been in the House longer than I have know that we have waited a long time for a law providing compulsory insurance of vehicles that operate for hire in the District of Columbia.

There is not a city that I know of in the State of New York or in any other State one-tenth the size of the city of Washington where similar conditions would be permitted with respect to taxicabs operated by owners or drivers, absolutely irresponsible, who are allowed to use the public streets and carry passengers without providing some measure of protection to those who may become crippled or disabled, temporarily or permanently, through the operations of such taxicabs.

Something has been said here about raising the cost and something has been said about providing employment for taxicab drivers. I confess that my experience in riding in taxicabs has been considerably different from that of either the gentleman from Texas or the gentlewoman from New Jersey, because I have heard these fellows complaining, and I think there are a good many other Members on this floor who have heard them complain time after time because they cannot make a living. They state they are just scraping along and that the only thing they have is a car. This is the vice of this entire situation. Any person out of a job can get an old, rattletrap car and get a permit and start operating and carrying passengers around here. If he kills your wife, perhaps, what remedy does this bill give you? The bill is all right so far as it goes, but it is a sham, because

it purports to do something it does not do. If one of these operators kills your wife and you get a judgment against him for damages, my God, what punishment is visited upon him for this offense? He cannot get another permit.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. SISSON. I yield to the gentleman from Texas.

Mr. BLANTON. I have made some investigation of this amendment, and my information from every source is that it would cost every taxicab driver $365 a year for an indemnity bond.

Mr. SISSON. The gentleman knows better than that. An additional 5 cents per zone would cover it five times over, and everybody who knows anything about insurance knows it.

Mr. BLANTON. The insurance people here and in Baltimore tell me it would cost each taxi driver $1 a day, or $365 per year to get an indemnity bond.

Mr. SISSON. The gentleman from Texas is pulling his facts out of thin air, as he often does. He even quotes Scriptures to suit his purpose.

I do not yield any further to the gentleman from Texas.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. SISSON. I yield.

Mrs. NORTON. I was very much interested in hearing the gentleman say this bill is a sham. I want to remind the gentleman that the same bill has been passed in his own State of New York.

Mr. SISSON. Yes; but coupled with it is compulsory insurance in every city in the State of New York.

Mrs. NORTON. Not coupled with it, but as a separate bill, just as has been suggested here.

Mr. SISSON. Why can we not vote on a separate bill here? This is our only chance to get such a bill, and I ask those of you who feel that way about it to vote for this amendment.

Mrs. NORTON. We have a separate bill providing for compulsory liability insurance pending in the committee at the present time.

Mr. SISSON. Why have we not had it brought before the House?

[Here the gavel fell.]

Mr. COCHRAN. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The SPEAKER pro tempore. The lady from New Jersey asks unanimous consent that all debate on this section and all amendments thereto close in 20 minutes. Is there objection?

Mr. NICHOLS. Reserving the right to object, I am a member of the committee and I have been trying to get recognition on the last section. I shall object to closing debate on this section in 20 minutes unless I can have 5 minutes and permission to offer an amendment to the section which I have prepared.

Mr. CARPENTER. I would like 5 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. COCHRAN. Mr. Speaker, the gentleman from New York [Mr. SISSON] wants to know why we have not had compulsory insurance. I think I can give him the answer. Eight years ago I offered an amendment, which was germane to the District appropriation bill, proposing compulsory insurance. It was defeated by a vote of 3 to 1. A year or two after that I offered the amendment again. It likewise was defeated. The reason we have not had compulsory insurance in the District of Columbia is because at least three-fourths of the Members of the House at that time were opposed to compulsory insurance and I think the same situation exists now.

I see no opportunity to get compulsory insurance now. Therefore, what is the best thing to do? The best thing to do is to take the best that we can get, and we have waited a long time for this much. I shall vote for this bill because it is for the benefit of the people of the District of Columbia and visitors to Washington if the bill is passed. I am going to vote for it because the gentlewoman from New Jersey [Mrs. NORTON] tells us that if the bill does not work, in the next session of Congress she will try to bring in a bill that will work. What more can we ask?

Mr. Speaker, I yield back the balance of my time.

Mr. NICHOLS. Mr. Speaker and ladies and gentlemen of the House, those of you who are still here, I want to say to you that as soon as the bells ring which will bring back Members from their offices to vote on this bill they will be met at the door and told to vote for this bill, and if there is a roll call on this amendment they will be told not to vote for the amendment because it will raise taxi fares in the District of Columbia.

That same thing occurred on a compulsory-insurance bill in the last session of Congress.

I would like to have you meet them at the door and advise them what the real issue is.

I wish I had time to answer all the things that I have noted down of statements and arguments made by gentlemen who have supported the passage of this bill. But I will probably not have time and I will go as far as I can.

I want to answer a statement made by the gentleman from Texas [Mr. PATMAN], where he said that the Diamond Cab Co. took care of the claims in the District of Columbia.

Now, let us see how the Diamond Co. took care of the claim in the Callis case, where an old fruit vender was run down and the Diamond Cab Co. claimed that the driver had no connection with their company.

I read now from that opinion:

> The president of the corporation called by the plaintiff as a witness of necessity, on cross-examination testified that the company did not own cabs, had never owned one, and that Schou had never been a member of the association.

And I say to my very good friend from Texas [Mr. BLANTON] that this bill as it is written will do more to drive the ex-service-men who operate taxicabs off the streets of Washington than the adoption of this amendment to make compulsory insurance, and I shall tell him why. Do you know that it is the Diamond Cab Co. and the rest of those fellows who today sponsor this legislation? Why? Because if the poor little unprotected taxicab operator who makes a living for his wife and children by operating that cab on the streets is so unfortunate as to have an accident, he is out of business, and cannot get back, because he cannot show financial responsibility, and anticipating what I think I am about to be asked by the gentleman from Texas whom I see on his feet, the reason that he can get it now under a compulsory-insurance plan, when he would not be able to get it otherwise, is because if you adopt compulsory insurance, then the insurance companies will provide group insurance for the operators of these taxicabs, which will drive the rate of insurance down to such a point that every individual operator can protect himself, and his passangers, and your constituents, by proper insurance.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. PATMAN. At the present time there are about 4,350 taxicabs on the streets of Washington. This amendment will restrict them to 2,500. I think the gentleman will admit that that will automatically put 1,850 out of business.

Mr. NICHOLS. I cannot see why, because I say to you that group insurance will fix it so that they will be taken care of.

Mr. PATMAN. But the gentleman does not get the point that I intend to make, and that is that this amendment itself restricts the number of 2,500, and with 4,350 operating on the streets that would automatically put out of business 1,850.

Mr. SCHULTE. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. SCHULTE. So far as the 2,500 is concerned, it does not take them off the street; but the minute that one ceases

operating the number begins to decrease. This amendment does not put any of them off the street.

Mr. NICHOLS. If it is only the matter of the number, that is easily changed. If that is the objection, then offer an amendment to increase the number to 4,350. That is easily taken care of. I wonder what the Members of the House are most interested in here in the consideration of this bill? Are they more interested in the fact that they might have to pay a little more taxicab fare in order to get to their office, in the morning or are they more interested in safeguarding the life and limb of their constituents and the public that rides in these taxicabs in this city?

The SPEAKER pro tempore. The time of the gentleman from Oklahoma has expired.

Mr. BLOOM. Mr. Speaker, a parliamentary inquiry. Is the time 5 minutes or 10 minutes? I understood that the gentleman was allowed 10 minutes.

The SPEAKER pro tempore. We are operating under the 5-minute rule in the House. The gentleman was recognized for 5 minutes.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the time not used by the gentleman from Missouri [Mr. COCHRAN] be yielded to the gentleman from Oklahoma.

Mr. NICHOLS. I understood that that was yielded to me.

The SPEAKER pro tempore. Does the gentleman desire 3 additional minutes?

Mr. NICHOLS. Yes.

The SPEAKER pro tempore. Without objection, the gentleman is recognized for 3 additional minutes.

There was no objection.

Mr. LUCAS. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. LUCAS. The gentleman read from the Callas case. What was the holding in that case with respect to the Diamond Co.?

Mr. NICHOLS. It is a lengthy opinion, and I would not be able to quote at length from it, but one of the syllabi reads:

> Where, in an action for personal injuries against a taxicab company, it appears that a cab bearing the peculiar colors and trade name of the defendant company caused the injuries, and the charter of the company showing its authority to operate taxicabs is in evidence, it will be presumed the car was in the custody and on the business of the company.

In other words, the court said to the Diamond Co., "If you permit your boys to bear the insignia of your company, then you will be presumed to be liable for them"; and so, in order to make themselves big hearted, as my friend says, they went to Delaware and took out a new charter, and they are operating under a new charter now and not the charter they were sued on in the instant case.

Mr. DONDERO. Has the gentleman any data or information to show the House that compulsory insurance has decreased accidents?

Mr. NICHOLS. No, I have not; but I want to say this: I have heard a lot of argument about 21 other States in the United States having laws similar to this. Now, let us be reasonable about this. Let us not be confused about these things. Suppose a State does have a law; does the law of the State of New York, providing for insurance of this nature, mean that New York City, a separate municipality and department of government, should not pass a law requiring compulsory insurance to protect the citizens of that city? Certainly not. A State law only affects the State, and I venture the assertion that every city in most of those 21 States protects its citizens with compulsory insurance; but the State law would not affect them at all.

Mrs. NORTON. Will the gentleman yield?

Mr. NICHOLS. I yield.

Mrs. NORTON. Under the peculiar government of the District of Columbia, the Commissioners are more or less responsible for the government of the District. The Commissioners are absolutely in favor of this law. Every single organization which the District of Columbia Committee has heard from has been in favor of this law. There has been exactly one disagreement and that disagreement came from somebody engaged by the insurance companies. So I say to you that all of the responsible agencies in the District being in agreement, all of the people responsible for the city government being in favor of it, it would certainly seem to me that we could do no better than go along with the committee and pass this bill.

The SPEAKER pro tempore. The time of the gentleman from Oklahoma [Mr. NICHOLS] has expired.

Mr. CARPENTER. Mr. Speaker, my position on this bill is somewhat like that of the gentleman from Illinois [Mr. DIRKSEN]. I am for the present bill and I am also for the taxicab liability insurance bill, and therefore I am supporting this amendment. A number of taxicab operators have come to me at different times in favor of taxicab insurance. I sent them to the gentleman from Texas [Mr. BLANTON], telling them I was sure they would receive a sympathetic hearing from him. I heard the statement which the gentleman from Texas just made with regard to this taxicab-insurance proposition, and I could hardly believe my ears in view of the remarks which the gentleman made earlier in the session when the District of Columbia appropriation bill was being considered by the House. In order to make sure whether my memory was correct or not I consulted the CONGRESSIONAL RECORD, and in the RECORD of January 16, 1935, at page 512, I find the following. This is Mr. BLANTON speaking:

> I keep a big car to show my constituents around the city. Many of my constituents come here. I also keep a little Ford work car to go to the departments. And besides I use many taxicabs. I have been to the departments this morning. It is a lot easier to jump in a cab than to send for your car and find a parking place. I have used taxicabs this morning. We have a provision here that keeps the 20-cent zone, the 30-cent zone, the 50-cent zone, and the 70-cent zone, and protects the people of Washington from being robbed by some of these cabs.
>
> Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?
>
> Mr. BLANTON. I yield.
>
> Mr. DIRKSEN. The gentleman from Texas, of course, is familiar with the taxicab bill introduced in the last session?
>
> Mr. BLANTON. I voted for it.
>
> Mr. DIRKSEN. Can the gentleman very well justify that static rate of 20 cents and still compel these cabbies to buy a rather expensive kind of liability insurance?
>
> Mr. BLANTON. I will tell the gentleman about that. I hope the gentleman will report that bill again, and I shall help to pass it. I voted for it the last time it was considered. It is a bill that provides liability insurance, and they ought to be put under liability insurance. When they have an accident here they ought to pay for any damage done. I want such a bill passed, and I am going to vote for it; and when you enact such a measure, instead of having 4,000 cabs here, which is 1,000 too many, you will have 3,000. This bill alone will take 1,000 bad cabs off of the streets—cabs that are run by irresponsibles.
>
> [Here the gavel fell.]
>
> Mr. CANNON of Missouri. I yield the gentleman from Texas 10 additional minutes.
>
> Mr. BLANTON. When you pass this bill you will take the irresponsibles off the streets, the ones who are causing most of the accidents, and the 3,000 taxicabs that will be left at 20 cents for the first zone will make a great deal more money than they are making now because more people will ride in them. Some people are afraid to ride in a taxicab now.

Now, that statement was made on this floor on January 16, 1935. In view of the remarks made a few moments ago by the same gentleman from Texas, I am at a loss to know just which of his statements to believe.

Mr. KELLER. Which is the latest statement?

Mr. CARPENTER. The one I just read is the earliest remark.

Now, my position in regard to this matter is that when the taxicab liability insurance bill does come out of the committee and up for consideration here on the floor, if this amendment is not agreed to, we should not use this bill in opposition and as a reason for not passing a real taxicab liability insurance bill. The World War veteran taxicab drivers have come to me and said they wanted this kind of a bill. This is the only District of Columbia legislation that really affects our constituents.

Mr. HOUSTON. Will the gentleman yield?

Mr. CARPENTER. I yield.

Mr. HOUSTON. Granting that this bill is a good bill, would it not be just that much better by adding the amendment?

Mr. CARPENTER. Certainly, and now is the time and place to add it. As was suggested a little while ago, if there is anything that needs to be added, it can be added in conference; but bear this fact in mind, that this is not a bill to raise taxicab fares.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. GREEN. Mr. Speaker, I rise in opposition to the amendment.

I shall probably not use all the 5 minutes allotted me, but I do want to ask the House to stand by the bill as presented by the committee. The committee has given very careful study to this subject, at least over the past 2 years. Last year it reported a bill very similar to the one before us, and the House approved it. The committee now has before it a bill which would carry out the substance of the amendment which has just been offered. The committee, in the course of time, will decide that question upon its merits. The gentleman from Texas [Mr. PATMAN] has indicated the committee's fairness in this matter. No one has a better knowledge of the subject than the members of our constituted committee, which has made this special study of it. The gentlewoman from New Jersey, the chairman of the committee, has rendered an unusual service to the great District Committee. Her record is one of signal achievement of worthwhile legislation for the city of Washington and the District of Columbia. I am willing to follow her leadership on this bill.

No one has a greater care for the welfare of the District of Columbia, its citizens, and our constituents who come here than the members of this committee. Some of them have served on the committee for many years. I do not believe any of you gentlemen would like to see an advance in taxi rates for the city of Washington, especially when such would cause so many taxi drivers to be thrown out of employment. The cheaper rate makes it possible for the Federal employees, and, in fact, nearly everyone to afford taxi transportation. The number of taxis now in service in the District of Columbia is absolutely necessary. If you want proof of this, observe the traffic on Pennsylvania Avenue every morning between 8:30 and 9 o'clock. You will find practically every street car in the city loaded with people going to work, you will find hundreds of taxicabs delivering their passengers at the same time. Fewer cabs will not be able to take care of the demand. In order to keep transportation within the reach of those of small means the number of taxicabs under the present arrangement is absolutely necessary. This number is also essential for adequate transportation for the traveling public in the District of Columbia. We need to, if possible, increase efficiency in transportation, not hamper it.

I shall support the bill as reported by our committee.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS: Beginning with line 16, page 8, strike out the remainder of the section down to and including line 5 on page 10.

Mr. PATMAN. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. PATMAN. Does not the pending amendment have to be disposed of first?

The SPEAKER pro tempore. This is a perfecting amendment.

The Chair will state to the gentleman from Oklahoma that all time for debate on this section has been exhausted. If the gentleman desires to submit a unanimous-consent request for time the Chair will, of course, put it; but all time on this section has been exhausted.

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I shall not object, I ask unanimous consent that 6 minutes be allowed; the gentleman from Oklahoma to have 3 minutes, and I, a member of the committee, to have 3 minutes in which to answer.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. NICHOLS. Mr. Chairman, I simply want to call the attention of the House to this language. I do not intend to make a long-winded or hard argument on this thing, I simply want you not to be able to say that you were not advised.

Mr. Speaker, this portion of the bill provides that when one of your constituents, or mine, comes to the city of Washington, either in his automobile or any other way, and then returns to his home; after he has gone back to Oklahoma, Colorado, Kansas, Texas, or some other State, somebody here decides he has a grievance against him, then under the language of this bill, if it is permitted to remain as written, all that person would have to do would be to go to the director of traffic of the city of Washington, make a $2 deposit and he will have service on your constituent back in California by which he can take a default judgment without your constituent ever having had real notice of the action. Now, if the Members want to follow along with that, let them do so, but I wanted them to be advised of the situation.

It is provided near the close of this provision, though, that in the event he is not successful in obtaining judgment against your constituent the man who brings the suit must pay the costs.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. HOFFMAN. Does the gentleman believe it is constitutional?

Mr. NICHOLS. I am afraid of it; I am certainly afraid to take a chance. If it is unconstitutional, that is a good reason why it ought to be taken out of the bill. I do not know whether it is constitutional or not.

Mr. HOFFMAN. Has not the Supreme Court of the United States passed on this very question?

Mr. NICHOLS. I think probably they have, but I do not know whether their decision fits this particular case. I am just calling it to the attention of the House. Here is the unfair part, if they are mistaken in suing your constituent, it does not make any difference how much trouble they have put the man to in California, Texas, or Maine, all they have to do is to pay the costs and they are through.

If I have any time left, I yield it to my distinguished colleague from Texas.

The SPEAKER pro tempore. The gentleman has consumed his time. The gentleman from Texas is recognized for 3 minutes.

Mr. PATMAN. Mr. Speaker, the gentleman failed to state one very important part of this bill. He stated the bill correctly as far as he went, but he failed to tell you that before the plaintiff can get service on this nonresident the plaintiff will be compelled to file a good and sufficient bond. This bond is conditioned upon the plaintiff either winning the suit or paying all the costs of the proceeding, the expenses to Washington, attorneys' fees, and everything else that the person might be out in defending the litigation.

At first blush I thought the gentleman was right, but after reading the entire language I find that our constituents are fully protected under the bill. They will have to be given 20 days' notice. If they succeed in getting a verdict in favor of the defendant, all costs are paid by the plaintiff; and the plaintiff, before filing the suit, has filed a good and sufficient bond to guarantee all of the costs, including reasonable attorneys' fees.

Mr. FORD of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. FORD of Mississippi. Does the gentleman think they could obtain judgment against the party on that kind of service of process?

Mr. PATMAN. This bill goes to the extent of providing for service; not only must notice be filed with the director of traffic here but the defendant himself must be served by registered mail.

Mr. FORD of Mississippi. Mr. Speaker, will the gentleman yield further?

Mr. PATMAN. Yes.

Mr. FORD of Mississippi. Does the gentleman think service of that kind legal?

Mr. PATMAN. I am not discussing the legality of it; I just do not know; anyway, we are not passing on the legality of it.

I think we have a proper safeguard in the bill when we require a plaintiff to deposit a good and sufficient bond in order to guarantee all the expenses of the defendant, including the defendant's attorney fees and everything else, before he can get service on defendant.

Mr. LUCAS. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Mr. LUCAS. Is this a mere sham to bring an innocent fellow into the District of Columbia in order to get service on him after he gets to the District of Columbia?

Mr. PATMAN. No. I do not think anything would be a sham which requires the deposit of a bond to guarantee all expenses.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Oklahoma.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent that the first amendment, together with the amendment to the amendment, be read for the information of the Members of the House.

The SPEAKER pro tempore. There are two separate amendments. Without objection, the Clerk will read the perfecting amendment offered by the gentleman from Oklahoma [Mr. NICHOLS].

There was no objection.

The Clerk read the Nichols amendment.

Mr. CARPENTER. Mr. Speaker, I ask unanimous consent that the section that the gentleman from Oklahoma seeks to strike out by his amendment be read so that it will be fresh in our mind.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the portion of the bill referred to.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Oklahoma [Mr. NICHOLS].

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 38, noes 31.

So the amendment was agreed to.

The SPEAKER pro tempore. The question recurs on the amendment offered by the gentleman from Indiana.

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent that that amendment be read. It is very important.

Mr. BLANTON. No. It is too long.

Mrs. NORTON. Mr. Speaker, I think it is perfectly right and proper that the amendment be read. This amendment changes the entire bill, and it is something of very great importance. The obvious purpose of the amendment is to throw out the entire bill, and not for any good reason.

Mr. NICHOLS. Mr. Speaker, I make the point of order that all debate has closed on this section.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. BLANTON. Mr. Speaker, I object, because the amendment is too long.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. NICHOLS) there were—ayes 37, noes 47.

So the amendment was rejected.

Mr. SISSON. Mr. Speaker, I demand tellers.

Tellers were refused.

The Clerk read as follows:

SEC. 4. Proof of ability to respond in damages when required by this act may be evidenced by the written certificate or certificates of any insurance carriers, duly authorized to do business within the District of Columbia, or in the case of a nonresident by an insurance carrier authorized to transact business in any of the several States, that it has issued to or for the benefit of the person named therein a motor-vehicle liability policy or policies as defined in this act which, at the date of said certificate or certificates, is in full force and effect and designating therein by explicit description or by other appropriate reference all motor vehicles with respect to which coverage is granted by the policy certified to. The said Commissioners or their designated agent shall not accept any certificate or certificates unless the same shall cover all motor vehicles registered in the name of the person furnishing such proof. Additional certificates as aforesaid shall be required as a condition precedent to the registration of any additional motor vehicle or motor vehicles in the name of such person required to furnish proof as aforesaid. Said certificate or certificates shall certify that the motor-vehicle liability policy or policies therein cited shall not be canceled except upon 10 days' prior written notice thereof to the said Commissioners or their designated agent.

Such proof may be the bond of a surety company duly authorized to do business within the District of Columbia or a bond with at least two individual sureties, each owning unencumbered real estate in the District of Columbia, approved by a judge of a court of record, and filed with the said Commissioners or their designated agent, which said bond shall be conditioned for the payment of the amounts specified in section 2 hereof and shall not be cancelable except after 10 days' written notice to the said Commissioners or their designated agent. Such bond in the case where individual sureties are offered shall contain a schedule of the real estate of said sureties and shall constitute a lien in favor of the District of Columbia upon said real estate, which lien shall exist in favor of any holder of any final judgment thereafter rendered on account of damage to property over $100 in amount or injury to any person or persons caused by the operation of such person's motor vehicle. Said bond shall be recorded by the principal named therein among the land records of the District of Columbia before the same is filed with the Commissioners or their designated agent. If a final judgment rendered after the filing of the bond as aforesaid against the principal named in the surety or real-estate bond for damages sustained to person or property while said bond remains in force or effect shall not be satisfied within 30 days after its rendition, the judgment creditor may, for his own use and benefit and at his sole expense, bring an action in the name of the District of Columbia against the company or persons executing such bond.

Such proof of ability to respond in damages may also be evidence presented to the said Commissioners or their designated agent of a deposit by such person with the clerk of the Supreme Court of the District of Columbia of a sum of money, the amount of which money shall be $11,000. The said clerk shall accept such deposit and issue a receipt therefor. But the said clerk shall not accept a deposit of money where any judgment or judgments, therefore recovered against such person as a result of damages arising from the operation of any motor vehicle, shall not have been paid in full. Such money shall be held by the said clerk to satisfy, in accordance with the provisions of this act, any execution issued against such person in any suit arising out of damage caused by the operation of any motor vehicle owned or operated by such person. Money so deposited shall not be subject to attachment or execution unless such attachment or execution shall arise out of a suit for damages, including injury to property, and personal injury or death, as a result of the operation of a motor vehicle.

Mr. CANNON of Missouri. Mr. Speaker, the local newspapers announce that a movement is being organized to march upon the Capitol for the purpose of affecting a change in the personnel of one of the House committees.

Of course, there will be no such march. The citizens of the District of Columbia have too much regard for the proprieties and too high an appreciation of the courtesies of the Congress, and of the Committee on Appropriations in particular, to think of attempting to dictate to the House in a matter of its organization or to coerce it by a display of organized or unorganized numbers. Certainly no such demonstration will be made on the grounds which have been mentioned as prompting the suggestion. According to the newspaper reports, the agitation is promoted for the purpose

of securing the removal of the gentleman from Texas [Mr. BLANTON] from the subcommittee of the Committee on Appropriations in charge of the District bill because he is credited with dominating the subcommittee in the preparation of the bill. Every member of that committee will agree with me that there is no foundation for such a report. No one has been more considerate or has deferred more consistently to the wishes of other members of the committee than Judge BLANTON. In all my service with him on that committee I do not recall a single instance in which he ever insisted on any matter or any item in connection with the writing of the bill.

How far beside the facts many of the reports circulated in this connection have been is indicated by one to the effect that Judge BLANTON was instrumental in placing in the bill provision for an additional assistant superintendent of the Metropolitan Police Department. As a matter of fact, Mr. BLANTON opposed the provision. When the Budget estimates were received last year they provided for two Assistant Superintendents instead of one. The committee, with the approval of Judge BLANTON, rejected the recommendation and provided for one assistant superintendent, as in former years. But when the bill went to the Senate the additional assistant superintendent was incorporated in the bill and the House agreed to it in conference. The charge is that Judge BLANTON supported the item, when the truth is he voted against it both in the committee and in the House.

Again, the statement of Judge BLANTON that the committee was apprised of the operation of a gambling establishment a block from the Capitol has been questioned both in the papers and in hearings before another committee. All members of our committee will agree that this information was given us on two different occasions, and that a reputable employee of the Government testified before the committee, giving the street address and describing the building in which the place was being operated. He informed the committee that this house was running in full blast, that it had been running for over a year, and that it was equipped with various gambling devices and was widely patronized.

May I say, while I am discussing this matter, Mr. Speaker, that a great deal is printed in the local papers about this committee and this bill which is erroneous. I have no doubt that it is reported to the papers and they print it in good faith, but the fact remains that much of it is, to say the least, misleading. For example, the papers carry articles which would lead readers to infer that the committee has reduced the number of police here in the District, and that it reduced the appropriations for the support of the police department. On the contrary, Mr. Speaker, the committee has made more officers available. It gave the Commissioners every man they asked. It gave them every dollar they suggested for the support of the police department. The committee recommended and the House provided the full Budget estimate. The number of men available for police duty in Washington is larger under the pending bill and the amount provided for its maintenance is higher than at any time in the history of the city, all statements to the contrary notwithstanding.

Mr. Speaker, I have not conferred with Judge BLANTON about these matters. I merely make this statement in order to keep the RECORD straight. He is one of the most useful members on the committee. His intimate knowledge of District affairs, his indefatigable industry, and his long service on the bench make him one of the most valuable Members of the committee and the House. [Applause.]

Mr. BLANTON. Mr. Speaker, I deeply appreciate what has just been said, and with all my heart I thank my distinguished friend from Missouri [Mr. CANNON] for his statement. I am grateful to him for making it, and I am also grateful to my other colleagues here for the friendly manner in which they received it.

There is a proper time for all things, and it will not be long now until I shall present to this House all of the facts connected with the dirty, damnable plot Hearst's scandalous Washington Herald and Washington Times, and Eugene Meyer's unreliable Washington Post entered into and hatched up in their cowardly efforts to try to get me off of the committee that handles the appropriations for the District of Columbia, and which hellish conspiracy the Washington Star and the Washington News aided and abetted by despicably publishing all the misinformation and lies their irresponsible minions have daily manufactured.

These conspirators have already learned that their plots and plans have gone awry. They have failed. Their whole scheme has fizzled. They have all been left suspended in the air. For 10 days they covered their top front pages with box-car headlines, and printed page after page of ridiculous innuendoes, that have thoroughly disgusted every decent, honest, unbiased, posted reader all five of these newspapers have, for all of their cowardly efforts have culminated in proving conclusively that their sole ground for criticizing me was I had tried to have appointed as one of the assistant superintendents of the Metropolitan Police of Washington, D. C., a high-class Washington citizen, Inspector Albert J. Headley, who has honorably served as a policeman and police officer here in Washington for the past 39 years, and who is a man of strict honor and integrity, who is as brave as a lion, who is absolutely dependable, who is a strict enforcer of the law, who is worthy and in every way well qualified, who is an honorable police official whom the professional gamblers, bootleggers, and police debauchers cannot buy, scare, intimidate, or dominate, who has not been afraid to demand discipline in the force or to order police captains to close up gambling houses that for months have been running wide open in arrogant violation of the law, and who at all times has been a perfect gentleman, a beloved neighbor, and a faithful, loyal friend. Such a man is Inspector Albert J. Headley, who during the past 20 years has done more to weed out and clean up the crookedness in the police force of Washington than any other 10 officers combined.

And merely because I tried to get such a worthy officer appointed assistant superintendent, all of this silly, malicious, ridiculous, inexcusable, cowardly hurrah and hullabaloo has been raised, for no purpose on earth other than to try to wantonly and unjustly stir up and inflame the minds of the people of Washington against me, hoping that if they could incite and pull off a massed demonstration at the Capitol against me they might be influential enough to force me off of the committee as one of the House conferees before the District appropriation bill goes to conference.

But they have learned that they cannot do it. The House of Representatives is not their docile puppet. It does not obey their orders. It is not dominated by five Washington newspapers. It does not say, "Yes, master", to them; and they have learned that the citizens of Washington are not so credulous. They are not so easily fooled. They did not let these conspiring newspapers lead them into a trap. They saw clearly between the lines. They saw malice and spleen and injustice. So they asked to be excused; and so this five-headed modern Haman is left hanging upon the scaffold specially prepared for Mordecai.

If these five newspapers could see the great stack of letters I have received from leading substantial citizens of Washington, sympathetically expressing their continued confidence and friendship and assuring me that they despise such contemptible attacks, they would realize just how futile is such scheming and plotting. I am surprised that such a decent newspaper as the Washington Star has always been would allow itself to be caught in such disreputable company.

I have slowly but surely been gathering the facts about this plot and conspiracy. My investigation is about complete. I have these conspirators cornered, and they know it. I have had them squirming for a week. They know what is coming. And they know exactly what effect the divulging of their infamous scheme will have upon Congress. They realize now that it will vividly remind Congress of what caused the Continental Congress to move the seat of our Government

from Philadelphia to Princeton, and then to Annapolis, and finally to establish a permanent seat of government in its own District of 10 miles square, known as the "District of Columbia", over which, by the Constitution of the United States, Congress shall forever exercise absolute authority and control.

And these five Washington newspapers now realize that the facts I have gathered, and which I will soon present to this House, will convince the Members of the House and Senate that our forefathers were wise indeed when they had it definitely stipulated in the Constitution of the United States that Congress is given exclusive jurisdiction over the District of Columbia, and that it is absolutely necessary and essential that Congress shall continue to exercise absolute authority and control over the District of Columbia.

By sending reporters to me and by falsely announcing that I would take the floor at such-and-such a time, Hearst's papers here have been trying to incite me to giving out my facts before I completed my investigation; but I shall not let them push me until I am ready. I will soon have my facts complete, and then I will take the floor; and when I relate them, with the proof that I have gathered, you will be astounded. I thank you. [Applause.]

The Clerk concluded the reading of the bill.

Mrs. NORTON. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The bill was ordered to be read a third time and was read the third time.

Mr. NICHOLS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. NICHOLS. I am, Mr. Speaker.

The Clerk read as follows:

Mr. NICHOLS moves to recommit the bill to the District of Columbia Committee with instructions to report the bill back to the House forthwith with the following amendment:

Page 10, after line 5, add the following section:

"SEC. 4. No permit or license shall be issued for the operation of a taxicab within the District of Columbia without approval of the Public Utilities Commission. Prior to issuance of permit or license a bond or policy of insurance must be furnished conditioned for the payment of all judgments obtained through the negligence, recklessness, or carelessness in operation or defective condition of such vehicle in the amount of $2,500 for injury to or death of any one person and $5,000 for the injury to or death of two or more persons in any one accident, and for damages to property in the amount of $1,000 from any one accident, said policy to be in a company approved by the insurance commissioner as to financial responsibility.

"No permit or license shall be issued or transferred except as to persons licensed at the effective date of this act until the number licensed shall be less than 3,000 and thereafter only to that limit."

Mr. BLANTON. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, I make the point of order that the amendment is not germane to the bill or to the purposes of the bill. The bill is not a general liability-insurance bill.

Mr. NICHOLS. Mr. Speaker, the Chair has already ruled on the very same amendment to this very same bill and has held it is germane.

Mr. BLANTON. I am submitting the point for the purpose of getting a ruling by the Speaker.

The bill provides simply for indemnity required after accidents before a new permit is issued. The amendment is a general liability amendment requiring a bond before driving and would prevent all taxicabs from being operated on the streets until a bond had been given. They are entirely different purposes.

The SPEAKER. The Chair is ready to rule.

The bill provides for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles being operated on public highways in the District of Columbia. This is one of the objects of the bill.

Mr. BLANTON. Mr. Speaker, I had overlooked the purposes stated in the caption. That would probably embrace the amendment, and I shall not insist on the point of order.

The SPEAKER. In the opinion of the Chair, the motion is germane, and the Chair therefore overrules the point of order.

Mrs. NORTON. Mr. Speaker, I move the previous question on the motion to recommit.

Mr. NICHOLS. Mr. Speaker, I would like to be heard on my motion to recommit.

The SPEAKER. The motion of the gentleman from Oklahoma to recommit is not debatable.

The previous question was ordered.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

A motion to reconsider was laid on the table.

CREATION OF A BOARD FOR THE CONDEMNATION OF INSANITARY BUILDINGS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 406) to amend an act approved May 1, 1906, entitled "An act to create a Board for Condemnation of Insanitary Buildings in the District of Columbia, and for other purposes."

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 7, 14, and 15 of the act approved May 1, 1906, entitled "An act to create a Board for the Condemnation of Insanitary Buildings in the District of Columbia, and for other purposes", are hereby amended to read as follows:

"SEC. 7. That the owner or owners of any building or buildings condemned under the provisions of this act, which cannot be so changed or repaired as to remedy the condition which led to the condemnation thereof, where the repairs and/or alterations necessary to remedy the conditions which led to the condemnation thereof cannot be made at a cost not greater than 50 percent of the present reproduction cost of said building as may be agreed upon by a majority of said Board, shall demolish and remove such building or part of building within the time to be specified by said Board in the order of condemnation. And if any owner or part owner shall fail or refuse to demolish and remove said building or part of building within the time so specified, he shall be deemed guilty of a misdemeanor and liable to the penalties provided by section 13 of this act, and such building or part of building shall be demolished and removed under the direction of the Board for the Condemnation of Insanitary Buildings in the District of Columbia, and the cost of such demolition and removal, less the amount, if any, received from the sale of the old material, but including the cost of making good such damage to adjoining premises as may have resulted from carelessness or willful recklessness in the demolition of such building and the cost of publication, if any, herein provided for, shall be assessed by the Commissioners of the District of Columbia as a tax against the premises on which such building or part of building was situated, such tax to be collected in the same manner as general taxes are collected in the District of Columbia.

"SEC. 14. That the owner or owners of any building or part of building condemned under the provisions of this act may, within the time specified in the order of condemnation, institute proceedings in the Supreme Court of the District of Columbia, sitting as a district court, for the modification or vacation of the order of condemnation aforesaid, and the court shall give precedence to any such case, and is authorized to issue such orders and decrees as may be necessary to carry into effect the said order of condemnation as made by the Board or as modified by the court in accordance with the verdict returned as hereinafter directed. The court shall appoint a jury consisting of three disinterested persons, one of whom shall be an architect, the second a physician or a health officer, and the third either a structural engineer or a competent builder, each of whom shall have the qualifications of jurors in the District of Columbia, and who, after taking the oath required of jurors in the trial of civil causes, shall proceed under the direction of the court to inspect the premises and to hear and receive evidence respecting the sanitary condition, state of repair, and state of depreciation of such building or part of building aforesaid, the present reproduction value thereof, the fitness and suitability of such building or part of building for occupancy, and the cost to place said building or part of building in a proper and lawful condition for occupancy. In such proceedings the owner or owners of the building or part of building condemned shall be considered the plaintiff and the Board shall be considered the defendant. After inspecting the premises and hearing and considering all of the testimony as hereinbefore provided, the said jury shall return to the court its verdict on a prepared form which shall contain the following questions to be answered by them:

"1. Condition of the building or part of buildings:

"(a) As to sanitation; and

"(b) As to state of repair.

"2. Can the building or part of building condemned be repaired and placed in a proper and lawful condition for occupancy and made to comply with all laws and regulations in force in the District of Columbia relating to buildings without exceeding 50

percent of the present reproduction cost of such building or part of building?

"3. Is the building or part of building subject to condemnation?

"1. If the jury shall find that the building or part of building sought to be condemned should not be condemned or ordered to be repaired, they shall so report to the court, who shall enter a decree directing the vacation of the order of the Board.

"2. If the jury shall find that the building or part of building is subject to condemnation and cannot be repaired and put in a safe, sanitary, and usable condition and made to comply with all laws and regulations in force and effect in the District of Columbia relating to buildings therein, they shall so report to the court, who shall enter a decree directing compliance by the plaintiff with the order of the Board.

"3. If the jury shall find that the building or part of building can be repaired and put in a safe, sanitary, and usable condition and made to comply with all laws and regulations in force and effect in the District of Columbia relating to buildings, they shall so report to the court, who shall enter an order directing the plaintiff within a reasonable time to cause the said building or part of building to be put in a safe, sanitary, and usable condition and made to comply with all the laws and regulations relative to buildings in the District of Columbia; and in the event of the failure or neglect of the plaintiff to cause the repairs or alterations necessary to be made to comply with the order of the court and the provisions of this act, the Board shall inform the court of such fact and the court shall thereupon enter an order requiring the removal of the said building or part of building. Unless cause be shown to the court within 10 days from the filing of said verdict of removal why the same should not be confirmed, the court shall ratify and confirm the same and cause judgment thereon to be entered accordingly, all the costs of the proceeding to follow the judgment. The Commissioners of the District of Columbia, or their duly authorized agents, shall proceed with the removal of the building or parts of building, as ordered by the court, and the cost of removing the building or part of building, including the cost of making good such damage to adjoining premises as may have resulted in such removal, and the cost of publication, if any may be necessary, authorized by section 10 of this act, shall be assessed against the real estate upon which said building or part of building stood, should the owner, at his expense, fail to remove the same within such time as may be fixed by the court in the order confirming the verdict of said jury.

"Each member of the jury appointed by the court as aforesaid shall receive for each day's attendance the sum of $8, to be included as part of the cost of the proceedings.

"SEC. 15. Except as herein otherwise authorized all expenses incident to the enforcement of this act shall be paid from appropriations made from time to time for that purpose in like manner as other appropriations for the expenses of the District of Columbia."

Mrs. NORTON. Mr. Speaker, there seems to be no objection to this bill, and I therefore move the previous question.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion by Mrs. NORTON to reconsider the vote whereby the bill was passed was laid on the table.

REMOVAL OF DANGEROUS BUILDINGS

Mrs. NORTON. Mr. Speaker, I call up the bill S. 403, to amend the act of Congress approved March 1, 1899, entitled "An act to authorize the Commissioners of the District of Columbia to remove dangerous and unsafe buildings and parts thereof, and for other purposes", and to further amend said act by adding at the end thereof new sections numbered 5 and 6.

The bill is as follows:

Be it enacted, etc., That the act of March 1, 1899, is hereby amended to read as follows:

"That if in the District of Columbia any building or part of a building, staging, or other structure, or anything attached to or connected with any building or other structure or excavation, shall, from any cause, be reported unsafe, the inspector of buildings shall examine such structure or excavation, and if, in his opinion, the same be unsafe, he shall immediately notify the owner, agent, or other persons having an interest in said structure or excavation, to cause the same to be made safe and secure, or that the same be removed, as may be necessary. The person or persons so notified shall be allowed until 12 o'clock noon of the day following the service of such notice in which to commence the securing or removal of the same; and he or they shall employ sufficient labor to remove or secure the said building or excavation as expeditiously as can be done: *Provided, however*, That in a case where the public safety requires immediate action the inspector of buildings may enter upon the premises, with such workmen and assistants as may be necessary, and cause the said unsafe structure or excavation to be shored up, taken down, or otherwise secured without delay, and a proper fence or boarding to be put up for the protection of passers-by.

"SEC. 2. That when the public safety does not, in the judgment of the inspector of buildings, demand immediate action, if the owner, agent, or other party interested in said unsafe structure or excavation, having been notified, shall refuse or neglect to comply with the requirements of said notice within the time specified, then a careful survey of the premises shall be made by three disinterested persons, 1 to be appointed by the Commissioners of the District of Columbia, 1 by the owner or other person interested, and the third to be chosen by these 2, and the report of said survey shall be reduced to writing, and a copy served upon the owner or other interested party; and if said owner or other interested party refuse or neglect to appoint a member of said board of survey within the time specified in said notice, then the survey shall be made by the inspector of buildings and the person chosen by the Commissioners, and in case of disagreement they shall choose a third person, and the determination of a majority of the three so chosen shall be final.

"SEC. 3. That whenever the report of any such survey shall declare the structure or excavation to be unsafe, or shall state that structural repairs should be made in order to place the said structure or excavation in a fit condition for further occupancy or use, and the owner or other interested person shall for 10 days neglect or refuse to cause such structure or excavation to be taken down or otherwise to be made safe, the inspector of buildings shall proceed to make such structure or excavation safe or remove the same. After the expiration of the 10 days in which the owner or other interested person is given to make the structure or excavation safe, or to be taken down or removed, the owner or other interested person, having failed to comply with the provision of the report of the board of survey, shall not enter, or cause to be entered, the premises for the purpose of making the repairs ordered, or razing the building, as the case may be; or in any other way to interfere with the authorized agents of the District of Columbia in making the said structure or excavation safe, or in removing same, without first having obtained the written consent of the Commissioners of the District of Columbia or their duly authorized representatives. The inspector of buildings shall report the cost and expense of said work to the Commissioners of the said District, who shall assess the amount thereof upon the lot or ground whereon such structure or excavation stands, or stood, or was dug, and unless the said assessment is paid within 90 days from the service of notice thereof on the agent or owner of such property, the same shall bear interest at the rate of 10 percent per annum from the date of such assessment until paid, and shall be collected as general taxes are collected in said District; but said assessment shall be without prejudice to the right which the owner may have to recover from any lessee or other person liable for repairs.

"SEC. 4. That the existence on any lot or parcel of land in the District of Columbia, of any uncovered well, cistern, dangerous hole, excavation, or of any abandoned vehicles of any description or parts thereof, miscellaneous materials or debris of any kind, including substances that have accumulated as the result of repairs to yards or any building operations, insofar as they affect the public health, comfort, safety, and welfare, is hereby declared a nuisance dangerous to life and limb, and any person, corporation, partnership, syndicate, or company owning a lot or parcel of land in said District on which such a nuisance exists who shall neglect or refuse to abate the same to the satisfaction of the Commissioners of the District of Columbia, after 5 days' notice from them to do so, shall, on conviction in the police court be punished by a fine of not exceeding $50 for each and every day said person, corporation, partnership, or syndicate fails to comply with such notice. In case the owner of, or agent or other party interested in, any lot or parcel of land in the District of Columbia, on which there exists an open well, cistern, dangerous hole or excavation, or any abandoned or unused vehicles or parts thereof, or miscellaneous accumulation of material or debris which affects public safety, health, comfort, and welfare, shall fail, after notice aforesaid, to abate said nuisance within 1 week after the expiration of such notice, the said Commissioners may cause the lot or parcel of land on which the nuisance exists to be secured by fences or otherwise enclosed, and the removal of any abandoned vehicles, parts thereof, or miscellaneous accumulation of material or debris adversely affecting the public safety, health, comfort, and welfare, and the cost and expense thereof shall be assessed by said Commissioners as a tax against the property on which such nuisance exists, and the tax so assessed shall bear interest at the rate of 10 percent per annum until paid, and be carried on the regular tax rolls of the District of Columbia and shall be collected in the manner provided for the collection of general taxes.

"SEC. 5. That for the purposes of this act any notice required by law or by any regulation aforesaid to be served shall be deemed to have been served (a) if delivered to the person to be notified, or if left at the usual residence or place of business of the person to be notified, with a person of suitable age and discretion then resident therein; or (b) if no such residence or place of business can be found in said District by reasonable search, if left with any person of suitable age and discretion employed therein at the office of any agent of the person to be notified, which agent has any authority or duty with reference to the land or tenement to which said notice relates; or (c) if no such office can be found in said District by reasonable search, if forwarded by registered mail to the last known address of the person to be notified and not returned by the post-office authorities; or (d) if no address be known or can by reasonable diligence be ascertained, or if any notice for-

warded as authorized by the preceding clause of this section be returned by the post-office authorities, if published on three consecutive days in a daily newspaper published in the District of Columbia; or (e) if by reason of an outstanding, unrecorded transfer of title the name of the owner in fact cannot be ascertained beyond a reasonable doubt, if served on the owner of record in the manner hereinbefore in this section provided; or (f) in case any owner be a nonresident of the District of Columbia, then after public notice by said Commissioners given at least twice a week for 1 week in one newspaper published in the District of Columbia, by advertisement, describing the property, specifying the nuisance to be abated. Any notice required by law or by any regulation aforesaid to be served on a corporation shall for the purposes of this act be deemed to have been served on any such corporation if served on the president, secretary, treasurer, general manager, or any principal officer of such corporation in the manner hereinbefore provided for the service of notices on natural persons holding property in their own right; and, if required to be served on any foreign corporation, if served on any agent of such corporation personally, or if left with any person of suitable age and discretion residing at the usual residence or employed at the place of business of such agent in the District of Columbia. Every notice aforesaid shall be in writing or printing, or partly in writing and partly in printing; shall be addressed by name to the person to be notified; shall describe with certainty the character and location of the unlawful condition to be corrected, and shall allow a reasonable time to be specified in said notice, within which the person notified may correct such unlawful condition or show cause why he should not be required to do so.

"SEC. 6. That all acts and parts of acts inconsistent with this act, be, and the same are hereby, repealed."

The Clerk began the reading of the bill.

Mrs. NORTON. Mr. Speaker, there being no objection to this bill, I ask unanimous consent that the further reading of the bill be dispensed with.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, I think we are entitled to some explanation of the bill.

Mrs. NORTON. I shall be glad to explain it.

The existing law on this subject is contained in the act of March 1, 1899. The amendments hereby proposed are relatively minor in character. They are:

First, to increase the scope of the bill to include excavations. The present law covers dangerous buildings, stagings, or other structures. Obviously an excavation may be equally dangerous and should be subjected to the same treatment.

Some difficulty has arisen because under the present law a conflict sometimes arises between the representatives of the owner and the representatives of the District as to who should repair or remove the property. Under the present law after the building has been duly declared to be unsafe and the owner for 3 days refuses to cause the structure to be made safe the District is empowered to proceed. It happens that the owner later decides to proceed, and contractors representing him and the District both appeared to do the work. The amendment proposed is that after the expiration of the 10 days in which the owner may act the District shall have exclusive authority to make the repairs or to raze the building and the owner shall not interfere with the authorized agents of the District.

Mr. NICHOLS. Mr. Speaker, I would like to say in explanation of the bill that it simply does this: Heretofore the law of the District has not permitted the District to levy taxes against property for the removal of a nuisance. In other words, as the law now exists if a person or corporation or anybody else has done anything which is a nuisance they let it go. Then the District must come in to remedy it, and there is no provision under the District law whereby it can assess the expense of removing the nuisance against the property itself. This law simply fixes it so that the District can levy against the property the cost of the removal of the nuisance.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider the vote by which the bill was passed was laid on the table.

ACQUISITION OF LAND IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill S. 404, to provide for the acquisition of land in the District of Columbia in excess of that required for public projects and improvements, and for other purposes. This bill is on the Union Calendar, and I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order to promote the orderly and proper development of the seat of government of the United States, the Commissioners of the District of Columbia, or agencies of the United States authorized by law to acquire real estate, be, and they are hereby, authorized and empowered to acquire, in the public interest, by gift, dedication, exchange, purchase, or condemnation, fee simple title to land, or rights in or on land or easements or restrictions therein, within said District, for public uses, works, and improvements authorized by Congress, in excess of that actually needed for and essential to the usefulness of such public uses, works, and improvements, in order to preserve the view, appearance, light, and air and to enhance the usefulness of such public works and improvements to prevent the use of private property adjacent to such public works and improvements in such a manner as to impair the public benefit derived from the construction thereof, or to prevent inequities or hardship to the owners of adjacent private property by depriving them of the beneficial use of their property.

SEC. 2. The Commissioners of the District of Columbia or agencies of the United States authorized by law to acquire real estate are further authorized, upon completion of public improvements, to subdivide, and sell at public or private sale, or exchange, any such excess land, and to carry out such purpose or purposes, to convey any lands acquired in excess of that actually needed and which is not essential to the usefulness of such public works, with such reservations concerning the future use and occupation of such real estate as may in their discretion be necessary to protect such public improvements; and any and all moneys received from any sale or transfer of land in accordance with the provisions of this act shall be covered into the Treasury of the United States, and where the property sold was acquired under an appropriation authorized for the use of the District of Columbia, any and all moneys received from such sale shall be deposited in the Treasury to the credit of the revenues of the District of Columbia: *Provided*, That whenever the authorities of the United States or the District of Columbia having jurisdiction over such acquired land, or rights or easements, shall elect to retain any or all of the same for use of the United States or the District of Columbia, the said authorities are authorized to use said land, rights, or easements for park, playground, highway, or alley purposes, or for any other lawful purpose which the said authorities shall deem advantageous or in the public interest.

SEC. 3. That whenever land is purchased, as provided in this act, in excess of that needed in connection with a particular project or improvement, any and all appropriations available for the payment of the purchase price, costs, and expenses incident to such project or improvement are hereby authorized for use in the payment of the purchase price, costs, and expenses of any and all excess land purchased in connection with such project or improvement, as provided in this act.

SEC. 4. That whenever excess land is condemned by the Commissioners of the District of Columbia, in accordance with the provisions of this act, the condemnation proceedings for the acquisition of such land shall be in accordance with chapter 15, subchapter 1 of chapter 15, and/or sections 1608 to 1610, inclusive, of the Code of Laws for the District of Columbia: *Provided*, That any and all appropriations available for the payment of awards, damages, and costs in condemnation proceedings under chapter 15 of the Code of Laws for the District of Columbia are hereby authorized for use in the payment of awards, damages, and costs in any and all condemnation proceedings under said chapter 15 for the acquisition of excess land, as provided in this act: *Provided further*, That any and all appropriations available for the payment of awards, damages, and costs in condemnation proceedings under subchapter 1 of chapter 15 and/or sections 1608 to 1610, inclusive, of the Code of Laws for the District of Columbia are hereby authorized for use in the payment of awards, damages, and costs in any and all condemnation proceedings under said subchapter 1 of chapter 15 and/or said sections 1608 to 1610, inclusive, for the acquisition of excess land, as provided in this act: *And provided further*, That in any and all cases where such excess land is condemned, no assessments for benefits shall be levied by the jury in respect to the acquisition of said excess land.

SEC. 5. That whenever excess land is condemned by agencies of the United States, other than the Commissioners of the District of Columbia, as provided in this act, the condemnation proceedings for the acquisition of such land shall be in accordance with an act approved March 1, 1929, as amended, or any law or laws in effect at the time of such condemnation for the acquisition of land in the District of Columbia for use of the United States;

Provided, That any and all appropriations available for the condemnation of land under said act approved March 1, 1929, as amended, are hereby authorized for use in the payments of awards, damages, and costs in any and all condemnation proceedings under said act, as amended, for the acquisition of excess land, as provided in this act.

SEC. 6. That the portion of the act approved February 25, 1907, entitled "An act to amend an act entitled 'An act to amend an act entitled "An act to establish a Code of Laws for the District of Columbia", regulating proceedings for condemnation of land for streets'" (34 Stat. 930; ch. 1195, sec. 491g), reading: "And where part of any lot, piece, parcel, or tract of land has been dedicated for the opening, extension, widening, or straightening of the street, avenue, road, or highway, the jury in determining whether the remainder of said lot, piece, parcel, or tract is to be assessed for benefits, and the amount of benefits, if any, to be assessed thereon, shall also take into consideration the fact of such dedication and the value of the land so dedicated" is hereby repealed.

SEC. 7. With the exception of section 6, none of the provisions of this act shall be construed as repealing any provisions of existing law pertaining to the condemnation or acquisition of streets, alleys, or land, or the law or laws relating to the subdividing of lands in the District of Columbia.

SEC. 8. If any provision of this act is held invalid, the remainder of the act shall not be affected thereby.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentlewoman from New Jersey please give us some explanation of the necessity for this bill?

Mrs. NORTON. Mr. Speaker, the purpose of the proposed legislation is to authorize the Commissioners of the District of Columbia, or its agents, to acquire in the public interest by gift, dedication, exchange, purchase, or condemnation fee simple title to land in excess of that actually needed for public uses and improvements. It authorizes these agencies, upon completion of public improvements, to subdivide such excess land and place upon it such reservations concerning its future use and occupation as may be necessary to protect such public improvements, and to sell or exchange this excess land or retain the same for the United States or the District of Columbia for park, playground, or other purposes which may be advantageous or in the public interest.

Mr. NICHOLS. Mr. Speaker, the District now has the usual laws providing for condemnation for public purposes; but very often you find that when you condemn a strip of land for a street there is a little sliver of land between that needed and, say, a filling station, and there is no law which provides for condemnation in excess of the land actually required for the purpose for which it was condemned. This is to fix it so that you can condemn property adjacent to the project and then, if it is not needed for the use of the project, to dispose of it. It is the ordinary excess condemnation procedure that we have in nearly every State and jurisdiction.

The SPEAKER. The Clerk will report the committee amendment.

The Clerk read as follows:

Page 3, line 4, after the word "Columbia", insert: "*Provided*, That in the event of sale as herein authorized, notice of not less than 20 days before such sale shall be published in a daily newspaper published in the District of Columbia, and notice by registered mail before such sale be mailed to the last known address of the persons listed on the records of the assessor of the District of Columbia as the owners of the land abutting the land to be sold, at not less than the fair market value at the time sold as determined by appraisement of the assessor of the District of Columbia."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 3, line 11, after the word "sold", insert the words "and sold."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider the vote by which the bill was passed was laid on the table.

Mrs. NORTON. Mr. Speaker, that concludes the business for the District of Columbia today.

CLAIMANTS WHO SUFFERED LOSS FROM FIRES SET BY GOVERNMENT-OPERATED RAILROADS IN MINNESOTA IN 1918

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in connection with H. R. 3662.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PITTENGER. Mr. Speaker, I trust that in the near future the Members of the House will have the opportunity to correct a wrong done to many citizens of this Republic by bureaucratic governmental officials. I refer to the claims of several thousand people who suffered loss in Minnesota on October 12, 1918, when fires set by Government-operated railroads swept over northeastern Minnesota, resulting in damage amounting to millions of dollars. These claims are nonpolitical. Identical bills have been introduced by Congressman RYAN, Congressman KVALE, and myself. The Committee on Claims has reported favorably, upon my motion, to recommend the passage of the Ryan bill, H. R. 3662. The committee report is no. 255 and sets forth the essential facts connected with this bill. The committee report is short. I recommend that you read it.

Following the October 12, 1918, fire, thousands of lawsuits were brought against the United States Railroad Administration, which had denied liability for the damage. Some years of litigation followed. Test cases were tried. The Railroad Administration refused any compromise, telling the fire claimants that if the Government won in the courts it would not pay one cent in damages; that if the claimants won the Government would pay one hundred cents on the dollar for damage caused by the fires. The Government lost in the courts. Then the Government officials broke their word and refused to pay one hundred cents on the dollar. Then ensued a long period of haggling and negotiations, in which leading citizens of Minnesota begged the governmental bureaucrats to pay the destitute fire claimants something so they could rehabilitate themselves. On account of the expense involved and the congestion in the courts, it was impossible for individual claimants to try their cases. Then the Director General arbitrarily decided on what he would pay. I quote his testimony before the committee in 1930:

Mr. PITTENGER. When you had these conferences with the attorneys, it was put up to those people that they had to take what the Railroad Administration offered to give or go to court and try the cases individually. Is not that a fact?

Mr. DAVIS. I told these gentlemen, not only by letter but by word of mouth, that this offer was final, and they could take it or leave it.

Following these one-sided compromises, investigators of the Government checked up each individual case and determined the amount of loss in the settlement areas. Bear in mind that the Government made settlements only in areas where the Director General conceded that they could trace fires from the Government-operated railroads. Take a typical case: If the loss was determined at $2,000 by the Government, the claimant was compelled to accept 50 percent thereof. But before making settlement he had to execute a release, sign a stipulation for judgment, and after judgment sign a satisfaction of judgment. The Ryan bill, H. R. 3662, provides for the payment of the balance of the loss determined by the Government. A similar bill passed the Senate in the last session of Congress but failed of passage in the House because many House Members were misled by last-minute rumors and misleading claims that the bill was bad and a steal on the Treasury, and a lobbyist bill, and a bill for the benefit of attorneys, and so forth. All of the old tricks to create prejudice were pulled out of the bag. Now, the facts are that the only lobbyists for this

claim of the fire sufferers have been the Minnesota Congressmen and the Congressmen from other States who have investigated this case and found it to be worthy. There were numerous attorneys of record for the fire claimants in the litigation. The bill protects every claimant against unjust attorney fees by providing for a 10-percent limitation thereon. If the bill passes the claimants will naturally require the services of attorneys, and that is entirely proper. The fire claimants are now scattered all over the United States; some of them live in California, some in Oregon, some in Oklahoma, and so forth.

I have no personal or financial interest in this bill. I resided in Duluth on October 12, 1918, and did not suffer the loss of a single dollar in the great holocaust, which burned up people, towns, and farms, and property. I know what took place, following this great tragedy, when homeless men and women and children were cared for by the Red Cross and other agencies until funds could be raised to help them build tar-paper shacks, one-room affairs, where their homes once stood, until they could try as best they could to rehabilitate themselves. I felt then, as I feel now, that this great Government followed a mean and a mistaken policy toward its destitute and homeless citizens.

I have never heard a satisfactory answer to the question why this damage was not treated as a war loss, and compensated for at the rate of 100 cents on the dollar. Such proceedure was followed, I am told, in the Eastern States, where any damage resulted because of the war-time activities of the Government. Take for example, the powder explosion and fire at Morgan, N. J., in October 1918. The cause of the explosion was never determined. The property loss was heavy. The Government paid the loss in full.

Now, the Government was operating the railroads in 1918 as a war-time measure. The country was at war. Labor was scarce. Fourteen-year-old boys were working on the railroads, and they were not properly manned or operated. Otherwise fires would never have been started in a dry season along the rights-of-way of the railroads in a country where the forests had been cut and brush and dead timber was left on the land so that all it needed was to have the match applied.

I want the Members of the House to know that this bill involves some 8,000 individual claims and may require as a maximum something like $12,000,000 to pay these claims. The actual amount will probably not exceed $9,000,000. I have never felt, however, that the merit of a measure was to be determined by the number of the claimants or the amount involved. All I ask from my colleagues is a fair consideration of the facts.

If you will refer to Report No. 255, you will find that the Attorney General of the United States, as well as the President, have said that this measure is meritorious.

PRIVATE CALENDAR

Mr. MARTIN of Massachusetts. Mr. Speaker, may I make a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. MARTIN of Massachusetts. When we consider the Private Calendar on tomorrow, which rules will be in effect, the old rules or the one recently adopted?

The SPEAKER. The rule adopted on yesterday.

THE RIGHT TO LIVE

The SPEAKER. Under the special rule, the gentleman from Pennsylvania [Mr. MORITZ] is recognized for 10 minutes.

Mr. MORITZ. Mr. Speaker, at this time I rise to speak on taxation. At the present time, it seems to me, we are asking for billions of dollars and we are requesting people in business to pay taxes, not knowing how they are getting along. Just as you cannot hold the reins of a horse and tell him to "get up", just as you cannot put both feet on the brakes of an automobile and turn on the gas, likewise you cannot expect business to revive and go on while taxing it to the full extent. We wonder why business does not revive. It cannot revive if everything that business has is taxed.

I want to call the attention of the House to a source of taxation which, if used, would help business a great deal and at the same time we would be able to get revenue for our country; that is, the economic rental of strategic points in big municipalities, where landlords take all of the revenue, frequently leave the country, and we hold the bag.

Last week in the Committee on Education Dr. Dawson, who is familiar with the economic conditions of every State, especially the southern States, said that in States like Mississippi and Arkansas they have taxed every conceivable thing. They have squeezed the orange to the full extent. Those States cannot continue with their schools. It seems to me if the Members of Congress would set their minds to thinking a little we could get revenue from a source that would not hurt business and at the same time would help our own country. Dr. Dawson is an authority on taxation in almost every State. I asked him what he thought of this method of collecting economic rent. He said: "I am with you." Dr. Kinsman, a professor and author in American University in the city of Washington, has three chapters in his textbook which is used by the students of the high schools in Pittsburgh, in which he states very plainly that we ought to tap for taxation the sources in those great municipalities made valuable by the presence of many people.

I have introduced a bill to that effect, and it is for that reason that I call the attention of the Members of the House to thinking along that line.

The fundamental rights of man, as so well stated in that immortal document, the Declaration of Independence, are the rights to life, to liberty, and to the pursuit of happiness. It is to be noted that the right to live, being first mentioned, is regarded as paramount. Yet under present conditions in the United States millions of people are denied the right to live except upon the charity of Government.

All around us are the bounties of nature. Science and invention have aided man to harness the forces of coal and oil, of water and electricity, to such an extent that it may almost be said that man has conquered nature. In ancient days man sometimes suffered temporarily from the niggardliness of nature in his own vicinity; but we, by annihilating space with the steamboat, the iron horse, and the motor vehicle, and airplane, are able to overcome the local vagaries of the seasons. In spite of this tremendous advance in the art and science of production, starvation stares millions of our citizens in the face even while they plead for opportunities to work to earn a scanty living. Was there ever such a stark denial of our boasted progress—such a travesty on civilization? The situation challenges every last one of us to find a solution.

Before we can solve the problem we must first analyze it. At the dawn of civilization, then, there were two factors in production. Natural resources and human labor. For convenience, in these remarks I shall use the term "land" as referring to all natural resources, and the term "labor" as meaning all conscious, voluntary effort of human beings.

In simple production labor applied itself directly to land to collect or to produce food. And since science teaches us through the theory of the conservation of matter and the conservation of energy that nothing material has been or can be added to the universe, we are convinced that labor and land are all there are in the world today. True, by means of tools, machinery, and structures we are able to make labor more efficient in its application to land; but those tools, machines, and structures are themselves the product of labor applied to land, requiring constant replacement for effective use. Even money itself, which seems so important a factor in our daily transaction, is only a convenient means of exchange between those, for instance, who produce wheat and those who produce houses.

Now, if it be admitted that man is dependent upon land for his very existence, it follows that the right to live requires that he shall have continuous access to land—that he shall

have opportunity to apply himself to that land so essential to his continued existence. But when, by social policies, we allow some members of society to appropriate to themselves the value of land, by that very act we withdraw from other members of society the opportunity to apply their own labor to land except at the will and sufferance of the first-mentioned class.

Of course, it must be admitted that in the present state of society it is essential that each individual be assured continuous undisturbed possession of a particular section of land for the conduct of his activities. How can we reconcile, then, the fundamental right of man to live, requiring virtually free access to land, with the equally important necessity of undisturbed possession?

Economic rent arises from variations in the amount of goods returned for the expenditure of equal effort on different portions of the earth's surface. If I have an acre of wheat land from which, by a certain expenditure of effort, I may gain a crop of 15 bushels, while someone else has an acre from which, by the same effort, he can produce 30 bushels, the economic rent of the latter acre as compared with the former is 15 bushels of wheat. On the communal or industrial basis, if I have an acre of land in a wilderness, its value for business will be nil, while an acre of land in the heart of New York City may be worth in economic rent a million and a half dollars a year. These variations are not due to the act of any individual. The agricultural type is due to variations in natural fertility; the communal or industrial type is due to the state of community or industrial activity. The economic rent of extractive natural resources, such as coal, oil, and other minerals, depends upon the stage of progress reached in productive enterprise.

When, by law, we allow individuals to appropriate to themselves economic rent, and there is expectation of a continuance of that arrangement, each individual seeks to hold as much land as possible, not for immediate use, but in the expectation of future unearned advantage to be derived. In the United States so much of the area, both urban, suburban, and rural, is thus speculatively held as to bring about the appearance of actual shortage. In cities people are crowded into small tenements and dwellings; in agricultural sections people are forced to use submarginal land. It is stated that in this city of Washington there are 5,000 acres, exclusive of streets and parks, upon which there are no buildings, coincident with the acres and acres of slums almost within stone's throw of the Capitol, and coincident with excessive rents and shortage of convenient housing even for Members of this body. The recent national resources survey discloses upward of 75,000,000 acres of farm land now in use which should be retired as submarginal.

It is almost axiomatic to state that no given parcel of land ever has reached its ultimate capacity to produce, either agriculturally, industrially, or communally, so it is idle to say that we have reached a point where there is insufficient land for the needs of all mankind. There is the appearance of shortage, due to withholding of land from use, based on our faulty economic system.

As men congregate into communities it has been found convenient to carry on certain undertakings as community enterprises. We call those community undertakings the functions of government and support those persons engaged therein by taxes imposed upon the balance of the community. We say, in common terms, that we tax things—land, buildings, horses, automobiles, dogs, incomes, and inheritances. But no one ever heard of a tax being paid by a house or a gallon of gasoline. People pay taxes out of their current production of things, and we use the production, the distribution, and the ownership of things as a measure of the individual's contribution toward community expenses.

These things which we use as the measures of contribution fall into two broad classes—natural resources, which I previously have termed for convenience as "land", and labor products—things which are within the volition of the individual to produce or to refuse to produce; to distribute or to refuse to distribute; to own or to refuse to own.

When a man is faced with the necessity of paying a tax on the second class of things he either restricts himself in the production, distribution, or ownership of them or he seeks to recoup himself for the amount paid as tax by a higher charge to someone else. The latter course in itself serves to restrict production, distribution, or ownership. In a word, a tax imposed on an individual on this basis causes high prices and restricted use of useful things.

When a man is faced with the necessity of paying a tax on the first class land, he seeks to do the same as in the other case but with a different result. Since all economists agree that economic rent is always as high as the existing state of community development or natural fertility will warrant, the landlord, no matter how hard he tries, cannot increase his collection of economic rent to cover the tax. Therefore he must pay the tax from his present collection; and this, through natural economic law, forces down the selling price of land without affecting its use value. If the tax on economic rent were placed at 100 percent, the selling price of land would be zero, although it still would be as valuable for use as it ever was. And if land had no selling price everyone would be able to get all the land he needed for use but no one would seek to retain land for which he had no use. Title to land would be safeguarded as now, but it would be title for use instead of title for speculation.

In a word, then, I advocate the abolition of all taxes on labor products, and the collection of economic rent to pay public expenses. But with this reservation: That such a drastic economic change must be made gradually, lest the correct remedy, through too strong doses, be worse than the disease.

As I stated on this floor on a previous occasion, my own city of Pittsburgh commenced in 1913 an advance in this direction. Each 3 years—until 1925—we reduced the taxes on all buildings by 10 percent, while continuing to impose full 100 percent taxes on land values. Now, in Pittsburgh, we tax buildings just half as much in proportion to value as we do land. The result has been that absentee landlords, some even living in England, who contribute nothing to the business of Pittsburgh, have had to pay higher taxes than they did before, while small home owners, living and working there, are paying less taxes. People in Pittsburgh are satisfied with this system and hope for its extension. And all that makes it possible for everyone more easily to exercise his right to live.

To carry this principle into effect in the Nation, I have prepared and introduced H. R. 6026, to promote the general welfare of the citizens of the United States through the imposition of an excise charge upon the privilege of the use and enjoyment of large landholdings based upon their unimproved value. This bill proposes the imposition of an annual excise charge of 1 percent of the value of all landholdings in excess of $3,000 to one holder, the value of land being that remaining after exemption of all man-made improvements by way of buildings, walls, drains, foundations, and standing timber. The same excise charge is imposed upon all natural resources in the form of mineral and oil deposits and water power, with exemption of the structures necessary to facilitate use, as well as upon the franchises of all types of public utilities.

At some time in the future I shall hope to address the House as to the amount which may be expected to be derived as revenue from the imposition of this excise charge. At present I am able to give only a rather vague estimate of from half a billion to a billion dollars annually. My friend, Otto Cullman, of Chicago, who has given much study to this question in his recent book, $20,000,000 Every Day, a copy of which I think most of my colleagues have in their offices, estimates the total amount of economic rent above present taxes thereon to be about $8,000,000,000 annually. This gives a total of untaxed land value amounting to approximately $160,000,000,000; and if only half of this amount were found to exist in tracts of $3,000 or over, the 1-percent excise charge would reach the very substantial sum of $800,000,000 annually.

Whatever the amount might prove to be in actual fact, the additional revenue to be derived therefrom would be advantageous in the present situation of an unbalanced Budget and in the face of crying demands for old-age pensions and other worthy governmental undertakings. Moreover, the imposition of this excise charge would obviate the necessity of continuing certain excise taxes of the nuisance type, including taxes on gasoline and lubrication oils, furs, jewelry, matches, and the like.

While a certain measure of administrative difficulty would attend the operation of this proposed law at its inception, the values which are to be the object of the imposition of the excise charge are relatively easy of ascertainment. For the most part they are the same values which serve as the basis for local tax assessments. And after the initial procedure the assessment and collection of the excise charge would be far simpler and far more equitable and certain in operation than ever will be the case with income or other taxes.

But above all, the proposal is sound economically, in that it proposes to take for community expenses those values which the community creates by its very existence; and to the extent to which it is applied, it will tend to safeguard and promote in practice what in theory is the foundation of our splendid heritage—the right of every American citizen to live. [Applause.]

EXHIBIT A

The land holdings of Pittsburgh

(Described in terms of percentage)

	Land value	Building value	Total value
Group 1 (comprising land holdings from $2,000,000 to more than $38,000,000 in value) includes 22 land owners [1] who own	$135,202,350	$65,728,460	$200,930,810
Group 2 (comprising land holdings from $1,000,000 to less than $2,000,000) includes 25 landowners [1] who own	35,639,390	21,882,210	57,521,600
Group 3 (comprising land holdings from $500,000 to less than $1,000,000) includes 58 landowners [1] who own	46,071,820	31,092,840	77,164,660
Group 4 (comprising land holdings from $50,000 to less than $500,000) includes 796 landowners [1] who own	111,566,820	64,786,060	176,352,880
901 landowners [1] own	328,480,380	183,489,570	511,969,950

EXHIBIT B

Total taxable land values of Pittsburgh	$562,365,560
Population of Pittsburgh	669,817
Estimated number of owners, approximately 24 percent of the population	161,700
Number of landless or nonlandowning population, approximately 75 percent of the population	508,117

EXHIBIT C

Of the 161,700 landowners [1] who own Pittsburgh, 22 (see exhibit A, group 1) own approximately 24 percent of the total taxable land value of Pittsburgh	$135,202,350
47 landowners [1] (see exhibit A, groups 1 and 2) own approximately 30 percent of the total taxable land value of Pittsburgh	170,841,740
105 landowners [1] (see exhibit A, groups 1, 2, and 3) own approximately 39 percent of the total taxable land value of Pittsburgh	216,913,560
901 landowners [1] (see exhibit A, groups 1, 2, 3, and 4), which represent approximately 0.0055 percent of the landowners and 0.00134 percent of the total population, own approximately 58 percent of the total taxable land value of Pittsburgh	328,480,380

NOTE 1.—There is some serious thought of "relieving" real-estate owners by removing the school levy from real estate. Should the general assembly be fatuous enough to follow this rash suggestion, 901 real-estate owners would escape the annual payment of school taxes amounting to $5,759,662.

NOTE 2.—If the 5-to-1 plan of taxation were enacted into law, these same 901 largest landowners would be forced to contribute $1,773,794 in additional taxes on their landholdings. Incidentally, the small home owners would be relieved of their tax burden to this extent.

NOTE 3.—A study of the landholdings of Pittsburgh proves beyond a doubt that the incidence of the graded tax system has tended to break up the large estates. It is safe to say that 20 years ago 500 landowners owned half land values of Pittsburgh.

[1] The term "landowner" embraces corporations, companies, families, and individuals.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KVALE, for March 27 and 28, on account of illness.

To Mr. KNUTE HILL, for the balance of the week, on account of unavoidable absence.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 935. An act to authorize the Secretary of War and the Secretary of the Navy to lend Army and Navy equipment for use at the national jamboree of the Boy Scouts of America.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 8 minutes p. m.) the House adjourned until tomorrow, Friday, March 29, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

284. Under clause 2 of rule XXIV a letter from the Architect of the Capitol, transmitting annual report for the fiscal year ended June 30, 1934, was taken from the Speaker's table and referred to the Committee on Public Buildings and Grounds and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 4900. A bill to amend the naturalization laws in respect of residence requirements, and for other purposes; without amendment (Rept. No. 516). Referred to the House Calendar.

Mr. DEMPSEY: Committee on the Public Lands. H. R. 4541. A bill to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929; without amendment (Rept. No. 520). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 4707. A bill validating certain applications for and entries of public lands, and for other purposes; without amendment (Rept. No. 521). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 6465. A bill to accept the cession by the State of Arkansas of jurisdiction over all lands now or hereafter included within the Hot Springs National Park, Ark., and for other purposes; without amendment (Rept. No. 522). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BEITER: Committee on War Claims. H. R. 3075. A bill conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; without amendment (Rept. No. 515). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 2554. A bill for the retirement of William J. Stannard, leader of the United States Army Band; without amendment (Rept. No. 517). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 401. A bill for the relief of James T. Moore; without amendment (Rept. No. 518). Referred to the Committee of the Whole House.

Mr. MOTT: Committee on the Public Lands. H. R. 1880. A bill for the relief of Ivan H. McCormack; without amendment (Rept. No. 519). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 2523) for the relief of Walter C. Blake; Committee on Military Affairs discharged, and referred to the Committee on Claims.

A bill (H. R. 2589) granting a pension to Clarence J. Ericson; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GREEN: A bill (H. R. 7079) to authorize the prompt deportation of habitual criminals and habitual aliens, to guard against the separation from their families of certain law-abiding aliens, to deport direct-action Communists, to further restrict immigration into the United States, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. CELLER: A bill (H. R. 7080) to amend administrative provisions of the Federal liquor-taxing laws, and for other purposes; to the Committee on Ways and Means.

By Mr. LUCKEY: A bill (H. R. 7081) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. STACK: A bill (H. R. 7082) to transfer into the classified civil service all the veterans of any war employed by the Government in unclassified positions, who have been honorably discharged from the military or naval service of the United States; to the Committee on the Civil Service.

By Mr. GREENWOOD: A bill (H. R. 7083) to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Texas: A bill (H. R. 7084) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity-futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes; to the Committee on Agriculture.

By Mr. PETERSON of Florida: A bill (H. R. 7085) to provide for the creation of a memorial park at Tampa, in the State of Florida, to be known as "The Spanish War Memorial Park", and for other purposes; to the Committee on the Public Lands.

By Mr. WALLGREN: A bill (H. R. 7086) to establish the Mount Olympus National Park, in the State of Washington, and for other purposes; to the Committee on the Public Lands.

By Mr. JOHNSON of Texas: A bill (H. R. 7087) granting relief to American civilian employees of the Navy stationed in the Philippine Islands; to the Committee on Naval Affairs.

By Mr. JONES: A bill (H. R. 7088) to amend the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture.

By Mr. MOTT: A bill (H. R. 7089) to authorize the Secretary of War to furnish bronze markers for certain graves; to the Committee on Military Affairs.

By Mr. DOCKWEILER: Resolution (H. Res. 175) to provide for the appointment of a special committee to investigate the Ethyl Gasoline Corporation; to the Committee on Rules.

By Mr. McLEOD: Joint resolution (H. J. Res. 231) requesting the President of the United States to invite all State Governors to a conference for the purpose of formulation and adoption of a Nation-wide program to reduce excessive costs of State governments and their local subsidiaries by reorganization of local governmental systems and elimination of all obsolete and unnecessary offices and functions; to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Pennsylvania, regarding antilynching legislation; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURDICK: A bill (H. R. 7090) for the relief of Leonard Gramstad; to the Committee on World War Veterans' Legislation.

By Mr. DARDEN: A bill (H. R. 7091) for the relief of Charles L. Kee; to the Committee on Claims.

By Mr. DORSEY: A bill (H. R. 7092) for the relief of Capt. Percy Wright Foote, United States Navy; to the Committee on Naval Affairs.

Also, a bill (H. R. 7093) for the relief of Joseph M. Clagett, Sr.; to the Committee on Claims.

By Mr. DUNN of Pennsylvania: A bill (H. R. 7094) to authorize payment of claim for unauthorized emergency treatment of John J. Jenkins, a World War veteran; to the Committee on World War Veterans' Legislation.

By Mr. FLETCHER: A bill (H. R. 7095) for the relief of Henry P. Kinney; to the Committee on Military Affairs.

By Mr. GRANFIELD: A bill (H. R. 7096) granting a pension to Neal Ferry; to the Committee on Pensions.

Also, a bill (H. R. 7097) for the relief of Joseph Noel; to the Committee on Claims.

Also, a bill (H. R. 7098) for the relief of Thomas W. Dolan; to the Committee on Pensions.

By Mr. KENNEDY of New York: A bill (H. R. 7099) for the relief of Rocco D'Amato; to the Committee on Claims.

By Mr. LARRABEE: A bill (H. R. 7100) for the relief of Fred Dobson; to the Committee on Naval Affairs.

Also, a bill (H. R. 7101) granting a pension to Arthur E. Brown; to the Committee on Pensions.

By Mr. LEWIS of Colorado: A bill (H. R. 7102) for the relief of Herbert McCosh DeWitt; to the Committee on Claims.

Also, a bill (H. R. 7103) granting an increase of pension to James J. Potvin; to the Committee on Pensions.

Also, a bill (H. R. 7104) for the relief of H. L. Caffee; to the Committee on Military Affairs.

Also, a bill (H. R. 7105) to provide for the retirement of Lindell D. Straube as a first lieutenant Dental Corps, United States Army; to the Committee on Military Affairs.

Also, a bill (H. R. 7106) granting a pension to Mary M. Livingston; to the Committee on Pensions.

Also, a bill (H. R. 7107) for the relief of Guiry Bros. Wall Paper & Paint Co.; to the Committee on Claims.

Also, a bill (H. R. 7108) granting a pension to Frances Haws; to the Committee on Pensions.

Also, a bill (H. R. 7109) granting a pension to Lottie Pinneo; to the Committee on Invalid Pensions.

By Mr. MAAS: A bill (H. R. 7110) to authorize the President to bestow the Congressional Medal of Honor upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased; to the Committee on Naval Affairs.

By Mr. MARSHALL: A bill (H. R. 7111) granting a pension to Esta May McArthur; to the Committee on Pensions.

By Mr. PEARSON: A bill (H. R. 7112) granting a pension to Mary E. Burns; to the Committee on Invalid Pensions.

By Mr. PETERSON of Florida: A bill (H. R. 7113) granting a pension to Olivia Stebbins; to the Committee on Invalid Pensions.

By Mr. SANDERS of Louisiana: A bill (H. R. 7114) for the relief of Preston Herndon; to the Committee on Naval Affairs.

Also, a bill (H. R. 7115) for the relief of Lucien Gautreau; to the Committee on Claims.

By Mr. SHANLEY: A bill (H. R. 7116) for the relief of George Malcolm Williams; to the Committee on Naval Affairs.

Also, a bill (H. R. 7117) for the relief of Bertha A. Bishop; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 7118) granting an increase of pension to Eliza P. Cook; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 7119) granting an increase of pension to Martha McGraw; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5708. By Mr. BERLIN: Petition of the Pennsylvania Grade Crude Oil Association, by its board of directors, to permit the gasoline and lubricating-oil taxes to expire on June 30, 1935, as contemplated under existing law; to the Committee on Ways and Means.

5709. By Mr. COLE of Maryland: Resolution passed by the State Senate of Maryland; to the Committee on Interstate and Foreign Commerce.

5710. By Mr. GOLDSBOROUGH: Resolution of the Senate of the Maryland Legislature, requesting that the Congress of the United States cause an investigation into the activities of the American Society of Composers, Authors, and Publishers of New York and its subsidiaries; to the Committee on Interstate and Foreign Commerce.

5711. By Mr. HIGGINS of Massachusetts: Resolution of the Mission Hill (Boston) College Club, calling for the removal of Ambassador Daniels as envoy to Mexico; to the Committee on Foreign Affairs.

5712. By Mr. MALONEY: Resolution of the board of directors of the New Orleans Association of Commerce, requesting that our Senators and Congressmen be advised that it is our desire that House bill 3262 be supported in the interest of our city and port, for, if enacted into law, the power to see that all rates shall be reasonable, nondiscriminating, or preferential will still be with the Interstate Commerce Commission, and its power to suspend rates proposed in any railroad tariff would remain unchanged and ample for the public protection; to the Committee on Interstate and Foreign Commerce.

5713. By Mr. MAPES: Petition of 36 residents of Grand Rapids, Kent County, Mich., recommending the repeal of the Wheeler-Howard Act, and protesting against the continuance in office of the present Commissioner of Indian Affairs; to the Committee on Indian Affairs.

5714. By Mr. MILLARD: Petition of Mary Martin and Martha Boss, White Plains, N. Y., requesting Congress to pass a uniform Federal old-age-pension law; to the Committee on Ways and Means.

5715. By Mr. MURDOCK: Resolution of the Utah Automobile Dealers Association, opposing the reenactment of the Federal gasoline tax; to the Committee on Ways and Means.

5716. By Mr. ROGERS of Oklahoma: Petition headed by B. J. Harrison, of Orrville, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5717. Also, petition headed by C. R. Wood, of Forbus, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5718. Also, petition headed by M. Whealor, of Montgomery, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5719. Also, petition headed by Henry Stinson, of Atlanta, Ga., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5720. Also, petition headed by I. T. Adams, of England, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5721. Also, petition headed by J. A. Alderdice, of Lynnville, Ky., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5722. Also, petition headed by I. Gaines, of Etta, Miss., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5723. Also, petition headed by J. T. Basham, of Memphis, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5724. Also, petition headed by John Grant, of Ada, Okla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5725. Also, petition headed by John Kimbrow, of Columbia, Tenn., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5726. Also, petition headed by John Walton, of Mellwood, Ark., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5727. Also, petition headed by C. Rossner, of Chicago, Ill., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5728. Also, petition headed by B. Jackson, of Herndon, Ga., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5729. Also, petition headed by J. A. Ridgeway, of Guntersville, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5730. Also, petition headed by L. M. Diamond, of Pensacola, Fla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5731. Also, petition headed by Harry Peterson, of Fairfield, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5732. Also, petition headed by G. A. Wilkinson, of Manifest, La., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5733. Also, petition headed by H. P. Potter, of Bronson, Fla., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5734. Also, petition headed by J. O. T. Worthington, of Silver Creek, Ga., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5735. Also, petition headed by John Jackson, of Buena Vista, Ark., favoring House bill 2856, by Congressman WILL

ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5736. Also, petition headed by Bill Williams, of Charleston, Mo., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5737. Also, petition headed by J. A. Lauderdale, of Langdale, Ala., favoring House bill 2856, by Congressman WILL ROGERS, the Pope plan for direct Federal old-age pensions of $30 to $50 a month; to the Committee on Ways and Means.

5738. By Mr. RUDD: Petition of O. W. Thomas & Co., New York City, concerning the continuation of the National Recovery Administration, as recommended by the President of the United States; to the Committee on Appropriations.

5739. By Mr. SADOWSKI: Petition of the Detroit Federation of Post Office Clerks, condemning the curtailment of the Postal Service in Detroit and making for an increase in the regular personnel; to the Committee on the Post Office and Post Roads.

5740. Also, petition of the Metropolitan Post, No. 185, of the American Legion, Detroit, Mich., asking Congress to appropriate sufficient money to build a veterans' hospital in the Detroit area; to the Committee on World War Veterans' Legislation.

5741. By Mr. TRUAX: Petition of Dayton Regional Typothetae Association, Dayton, Ohio, by Frank R. Somers, favoring the continuance of the National Recovery Administration, and that the price-stabilization features of the Graphic Arts Code be retained and that sufficient authority be given the industry in order to secure compliance; to the Committee on Labor.

5742. Also, petition of the Painters Union, No. 867, Cleveland, Ohio, by their secretary, Henry W. Koch, urging support of Patman bill; to the Committee on Ways and Means.

5743. Also, petition of the Townsend Old-Age Revolving Pension Club of Findlay, Ohio, by their president, A. E. Knisley, urging support of the Townsend plan, as it is imperative that the younger people find employment and thus put an end in a large measure to our present unemployment situation, and that the active and wide-spread buying and selling to result from the operation of the Townsend bill will help banish poverty and bring back prosperity to our country in general; to the Committee on Ways and Means.

5744. Also, petition of the Pomona Grange, No. 66, Preble County, Eaton, Ohio, by Gleta Geeding, requesting that the farmers be included in any old-age security law which shall be hereafter enacted, as the administration committee on old-age security has reported that farmers, occasional workers, and domestics shall be ineligible for old-age security; to the Committee on Ways and Means.

5745. Also, petition of the Dayton Regional Typothetae Association, by their regional manager, Frank R. Somers, opposing the 30-hour week, as the printing industry requires skilled craftsmen and at the present time there is a shortage of skilled help in the industry, and the mandatory adoption of a 30-hour week would work undue hardship; to the Committee on Labor.

5746. By the SPEAKER: Petition of the Woodrow Wilson Democratic Ex-Service Men's Club, Camden, N. J.; to the Committee on Ways and Means.

5747. Also, petition of the city of Jacksonville, Ill.; to the Committee on Banking and Currency.